



MHMRA
of Harris County

INTERNAL AUDIT REPORT

HOME AND COMMUNITY-BASED SERVICES
(HCS)

SPECIAL REQUEST FOLLOW-UP

AUDIT REPORT No. HCBS0211

August 25, 2011

AUDITOR'S REPORT

**Home and Community-based Services (HCS) Program
Special Request Follow Up**

Harris County, Texas

Internal Audit Report

August 25, 2011

Michele L. Johnson MPA, CFE

Staff Internal Auditor





August 25, 20 11

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

Re: Home and Community-based Services (HCS) Program
Audit Report No. HCBS0211 (Special Request Follow UP)

Dear Dr. Schnee:

The Internal Audit Department has completed a follow-up audit relative to the Home and Community-based Services Program for the audit period March 1, 2011 through July 31, 2011.

The review was designed to assist management with the assessment of the adequacy of internal controls related to the Home and Community-based Services Program function. Additionally, the follow-up audit was designed to determine the progress made toward implementation of the recommendations made in the original report (Audit Report #HCBS0111). The review consisted primarily of conducting on-site visits, interviews with unit personnel, and reviewing relevant documentation related to recommendations implemented.

As a result of the audit, there were no significant examples of non-compliance with established or proposed procedures. Accordingly, it was concluded that the system of internal controls can provide management with reasonable, but not absolute assurance that the Home and Community-based Services Program is operated in compliance with regulations, policies and procedures, and that assets are adequately safeguarded and efficiently used.

Internal Audit appreciates the cooperation extended by personnel during the course of the audit and commends the staff for taking continued actions to address the recommendations in the report.

Respectfully submitted,

-S-

Michele L. Johnson, MPA, CFE. Staff Internal Auditor

Cc: Rose Childs, MSW, Deputy Director, Mental Health Division
Kenneth Collins, LMSW, Deputy Director, Mental Retardation Division
Barbara Dawson, Deputy Director, Comprehensive Psychiatric Emergency Program Division
Daryl Knox, MD, Medical Director, Comprehensive Psychiatric Emergency Program Division
Sarah Flick, MD, Medical Director, Mental Retardation Services
Sylvia Muzquiz MD, Medical Director, Mental Health Services
Jeanne Mayo, MS.JD. General Counsel
Alex Lim, MBA, CPA, Chief Financial Officer
Scott Strang, Ph.D., MBA Chief Operating Officer External Audit Firm
Audit Committee:
Tom Hamilton, Ph.D. (Chairman)
Bob Borochoff
Jane B. Cherry
Charles O. Buckner, CPA
Vicki S. Raynold, CPA

INTERNAL AUDIT

CONTENTS

LETTER OF TRANSMITTAL1
SCOPE AND PURPOSE111
CONCLUSION111

SCOPE AND PURPOSE

Internal Audit completed a follow-up review of the Home and Community-based Services Program. The objective was to assist management with the assessment of the adequacy of internal controls related to the operations of the program that assets are adequately safeguarded and efficiently used, and the transactions are properly executed in accordance with regulations, policies and procedures. Additionally, the audit evaluated progress made toward implementation of the recommendations made in the original report (Audit Report# HCBS0111).

The scope of the work did not constitute an evaluation of the overall internal control structure of the unit. The examination was designed to evaluate and test compliance with procedures and adequacy of the internal controls related to the HCS program function. This audit was executed in accordance with generally accepted government auditing standards (GAGAS).

Unit management is responsible for establishing and maintaining a system of internal controls to adequately safeguard assets as an integral part of the unit's overall internal control structure. The objectives of a system are to provide management with reasonable, but not absolute assurance that the HCS program is operated in compliance with regulations, policies and procedures, and that assets are adequately safeguarded and efficiently used.

Because of inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected in a timely manner. 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.

CONCLUSION

As a result of the audit, Internal Audit concluded that internal controls over the HCS program function is adequate to provide management with reasonable assurance that assets are adequately safeguarded and efficiently used, and regulations, policies and procedures are appropriately complied.

-S-

Michele L. Johnson, MPA, CFE

INTRODUCTION

The HCS program provides services and support for individuals with mental retardation or a related condition as an alternate to residing in an institution. Individuals may live in their own or family home, in a foster / companion care setting, or in a residence with no more than four individuals who receive similar services.

Services include case management and, as appropriate to the individual’s needs, residential assistance, supported employment, day habilitation, respite, dental treatments, adaptive aids, minor home modifications, and specialized therapies.

Exhibit 1 presents the compliance matrix categorizing the status of action taken by management.

Exhibit 1
Home and Community –Based Services (HCS)
Follow-up Results

AUDIT FINDING	PRIORITY RATING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED
Lack of Client Participation in Financial Planning 1. Client bills are partially paid. 2. All clients do not participate in the Food Stamp Program. 3. Staff aiding clients’ during the client signature process	1	Provide client/staff signature for evidence of bank reconciliation/budgeting monthly process (internal policy) Target 100% participation for determination of eligibility for TANF Program (internal policy) Client signature/mark be witnessed/notarized when client not able to complete signature (internal policy)	Implemented. In review stage.	Bank statements were reconciled with staff and client. All clients have applied to participate in the Food Stamp Program.

ATTACHMENT A
SUMMARY OF RECOMMENDATIONS
August 25, 2011

Unit: Home and Community-Based Services Program Area: Special Request		
Inherent Risk: Low Moderate High	Control Environment: Well Controlled Acceptable Poorly Controlled	Overall Risk: Low Moderate High
Type of Procedures: Audit		
Scope <ul style="list-style-type: none"> ● Using Internal Control Evaluation (ICEs) forms, documented internal controls ● Conducted a preliminary survey reviewing applicable policies and procedures, etc. ● Interviewed various staff, obtained understanding of management controls ● Examined detailed receipts, vouchers, and supporting documentation 		
Priority Rating: 2	Audit Recommendations: Client signature/mark be witnessed/notarized when client not able to complete signature (internal policy)	
Follow-up: 1 year		

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 cannot be implemented immediately because of constraints imposed on the unit (i.e., budgetary, technological constraints).
3. Implement in the future (2 - 3 years) - Recommendations that should be implemented but that cannot be implemented until significant and/or uncontrolled events occur (i.e. legislative changes, buy and install major systems, requires third party cooperation).