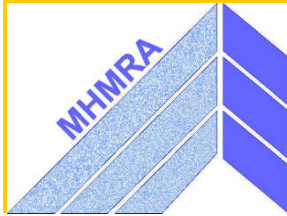


NORTHWEST CLINIC / BUSINESS OFFICE

Audit Report No. NWBCO1211

Follow up

October 13, 2010



**MENTAL HEALTH MENTAL RETARDATION
AUTHORITY OF HARRIS COUNTY**

Internal Audit Report

AUDITOR'S REPORT

**Northwest Business Office / Clinic
Follow up Audit**

Harris County, Texas

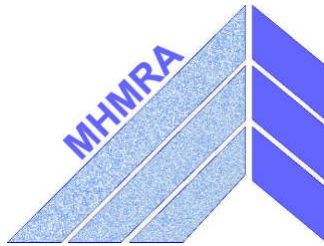
Internal Audit Report

October 13, 2010

Henry E. Webb, CFE

Internal Auditor





**MENTAL HEALTH MENTAL RETARDATION
AUTHORITY OF HARRIS COUNTY**

October 13, 2010

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

Re: Northwest Business Office
(Report No. NWBC01211) – Follow-up Audit

Dear Dr. Schnee:

The Internal Audit Department has completed a follow-up audit relative to the Northwest Business Office / Clinic for the audit period January 1, 2010 through August 31, 2010.

The review was designed to assist management with the assessment of the adequacy of internal controls related to the Business Office / Clinical 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 #NWBC0110). 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 Business Office is operated in compliance with regulations, policies and procedures, and that resources appear to be efficiently used.

I appreciate the cooperation extended by personnel during the course of the audit and commend the staff for taking continued actions to address the recommendations in the report.

Respectfully submitted,

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Henry E. Webb, CFE, Internal Auditor

Michele L. Johnson, MPA, Staff Internal Auditor

CC: Rose Childs, MSW, Deputy Director, Mental Health Division
Kenneth Collins, LMSW, Deputy Director, Mental Retardation Division
Barbara Dawson, MSE, 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

CONTENTS

LETTER OF TRANSMITTAL.....1
SCOPE AND PURPOSE.....3
CONCLUSION.....3
INTRODUCTION.....4

SCOPE AND PURPOSE

Internal Audit completed a follow-up review of the Northwest Business Office. The objective was to assist management with the assessment of the adequacy of internal controls related to the operations of the Business Office that assets are adequately safeguarded and efficiently used, and that 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 #NWBC0110).

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 Business Office's 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 Business Office 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 Business Office's 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.

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Henry E. Webb, CFE, Internal Auditor

Michele L. Johnson, MPA, Staff Internal Auditor

INTRODUCTION

The Northwest Clinic provides mental health services to the Harris County community. Following is a summary of activities performed at the Northwest Clinic Business Office which provides support to clinical and financial operations:

- Maintenance of client status for clinic visit
- Client information verification
- Client payment collection and deposit
- Processing various documents
- Authorization of Continuity of Care with Behavioral Health Organizations
- Authorization of Agency medications
- (Re)scheduling appointments
- Annual client financial assessments
- Reconciliation of suspended/denied services and client's account balance

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

Exhibit 1
Northwest Business Office
Follow Up With Response

AUDIT FINDING	PRIORITY RATING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED
<u>Policy</u> Use of non certified interpreters approximately 20% of time	1	Provide certified staff for consumer interpretative services where required. Review with staff.	Completed	Unit reviewed Agency requirements with staff, and no services were noted by non certified staff.
<u>Document Control</u> 56% of records reviewed provided a variation of the required forms.	1	Require all forms (annual or other), to be completed to ensure consumer files are current and services rendered are "billable."	Substantially completed.	Error rate was determined to be 50% of files reviewed. However, the policy requiring a "photo" of client in file is being reviewed for "re draft," which would reduce the error rate.

ATTACHMENT A
SUMMARY OF RECOMMENDATIONS
October 13, 2010

Unit: Northwest Business Office / Clinic		
Area: Business Office / Clinic		
Inherent Risk:	Low Moderate High	Control Environment: Well Controlled Acceptable Poorly Controlled
		Overall Risk: Low Moderate High
Type of Procedures: Audit		
Scope: * Using Internal Control Evaluation (ICEs) forms, documented the internal controls * Conducted a preliminary survey reviewing applicable policies and procedures, etc. * Interviewed various staff to obtain understanding of management controls * Examined detailed invoices/work orders, statements provided by the vendor, etc.		
Priority Rating:	Audit Recommendations:	
Follow-up: One 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 can not be implemented immediately because of constraints imposed on the unit (i.e. Budgetary, technological constraints, etc.).
3. Implement in the future (2-3 years) - Recommendations that should be implemented, but that can not be implemented until significant and/or uncontrolled events occur (i.e. legislative changes, buy and install major systems, or require third party cooperation, etc.).