

**TEXAS DEPARTMENT OF ASSISTIVE AND REHABILITATIVE  
SERVICES  
EARLY CHILDHOOD INTERVENTION  
TRAVEL VOUCHER FOLLOW-UP TO PROGRAM REVIEW  
REPORT-NEW TRAVEL FORMS**

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**Audit Report No. ECI0206**

**July 3, 2006**



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

**Internal Audit Report**

**AUDITOR'S REPORT**

**Texas Department of Assistive and Rehabilitative Services  
Early Childhood Intervention  
Travel Voucher Follow-up to Program Review Report  
Reviewed Under Use of New Travel Form**

**Harris County, Texas**

**Internal Audit Report**

**July 3, 2006**

**Henry E. Webb, CFE**

**Internal Auditor**





July 3, 2006

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

RE: Texas Department of Assistive and Rehabilitative Services  
Early Childhood Intervention - (Report No. ECI0206) –Reviewed Under New Travel Form

Dear Dr. Schnee:


The Internal Audit Department has completed a follow-up audit relative to the Texas Department of Assistive and Rehabilitative Services and Early Childhood Intervention Program Review (December 12-15, 2005, Travel Voucher Finding) for the months of March and May 2006.

The review was designed to assist management with the assessment of the adequacy of internal controls and corrective action related to the finding by the Department of Assistive and Rehabilitative Services Reviewers and the Mental Health Mental Retardation Authority of Harris County's (MHMRA) management response. Additionally, the follow-up audit evaluated compliance with any proposed/draft MHMRA policy and procedure as well as ECI policy to govern such use. The audit was further designed to determine the progress made toward implementation of the recommendations made in the amended report dated February 27, 2006. The review consisted primarily of conducting test on documentation related to recommendations implemented.

Based on the results of the work, there were significant examples of non-compliance with established or proposed procedures or terms of the contracts (C5037-01, 02) as it relates to documenting travel. Accordingly, it was concluded that the system of internal controls cannot provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and are properly recorded. These and other items are discussed in the body of the report.

I appreciate the cooperation extended by personnel during the course of the audit.

Respectfully submitted,

  
Henry Webb, CFE  
Internal Auditor

CC: Marlene Hollier, ECI Program Director  
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## SCOPE AND PURPOSE

Internal Audit completed a follow-up review of the Texas Department of Assistive and Rehabilitative Services and Early Childhood Intervention Program Review (ECI) and the Mental Health and Mental Retardation Authority of Harris County's management response and corrective action. The objective was to assist management with the assessment of the adequacy of internal controls related to compliance with the contracts and internal policy and procedures to govern such use as it relates to travel voucher documentation. Additionally, the audit evaluated progress made toward implementation of the recommendations made in the amended report dated February 27, 2006.

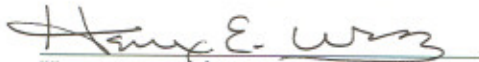
The scope of the work did not constitute an evaluation of the overall internal control structure of the units. The examination was designed to evaluate and test compliance with procedures and the adequacy of the internal controls related to the travel voucher documentation for ECI. This audit was executed 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 in relation to the contract, which is an integral part of the unit's overall internal control structure. The objectives of a system or plan are to provide management with reasonable, but not absolute, assurance that the organization's control and use of assets are adequately controlled and used in accordance with administrative procedures and is safeguarded against loss.

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

Based on the results of the audit, Internal Audit concluded that departmental compliance with established criteria to adequately document travel vouchers does not meet Agency and contract requirements. These findings are presented in the body of the report.

  
Henry E. Webb, CFE  
Internal Auditor

## INTRODUCTION

The staff of the Texas Department of Assistive and Rehabilitative Services (DARS), Contract Oversight and Support (COS) and Early Childhood Intervention (ECI), conducted a comprehensive on-site monitoring review at the Mental Health and Mental Retardation Authority of Harris County on December 12-16, 2005. The purpose of the visit was to determine programmatic and fiscal compliance with ECI contract requirements, including Medicaid Claiming Administration (MAC).

The scope of the programmatic review was October 1, 2004 through October 31, 2005, and related periods. The scope of the financial review was June 1, 2005 through August 31, 2005, and related periods within the term of the contract.

The objectives of the monitoring process were to review programmatic, financial and administrative systems, and to evaluate performance and compliance with policy, contract requirements and other regulations applicable to funding.

### General Areas of Review

- Adequacy of accounting system, program files, child records, Medicaid Administrative Claiming, equipment and property management, administration, and internal control systems.
- Relationships of actual expenditures and Maintenance of Effort (MOE) requirements compared to the approved budget.
- Accuracy of financial information, tests for necessity, reasonableness and authorization of costs for the proper and efficient administration of the program.
- The extent to which the desired results or benefits established by the program are being achieved.
- The effectiveness of the organization's programs, activities, or functions.
- Whether or not the organization has complied with laws and regulations applicable to the program.

Internal Audit conducted procedures that were substantially less in scope than an audit. Internal Audit was engaged to perform tests to determine the progress and corrective actions made in relation to Finding #6 as specifically stated in the amended report with responses dated February 27, 2006. Internal Audit sampled ECI travel vouchers for the months of March and May 2006 to determine proper documentation (under new Travel Voucher Forms).

ECI Finding #6 with Management Response (02/27/06):

### FINDING:

*"Travel vouchers that were tested lacked proper information necessary to comply with ECI policy guidelines. The current out-of-county expense report form does not allow for required mileage destination information. Additionally, the purpose of travel was not clearly stated or the duties performed while in the travel status could not be determined on some expense reports from in-county travel. The continued use of established control procedures may result in repeat findings."*

### REQUIREMENT:

*"ECI Policy I.6C, Travel, para 3. '... The travel voucher must also contain a statement detailing date; mileage; destination; contract person/persons, i.e., person worked with; eligible child identified by case number (if applicable)' and purpose of trip (to provide direct services or to work on some project or objective for the ECI program)."*

### CORRECTIVE ACTION:

*"Management should revise the current out-of-county expense report to incorporate existing ECI requirements. Management should broaden their internal control procedures to provide reasonable assurance against improper recording of travel vouchers and provide refresher training to staff concerning*

compliance. Submit a copy of a revised out-of-county expense report and a copy of your detailed procedures used to assure that travel vouchers are compliant with ECI policy.”

Exhibit 1 presents the compliance matrix categorizing the test results and the status of action taken by Agency management.

**Exhibit 1  
Travel Vouchers - ECI Program  
Follow Up With Response**

AUDIT FINDING (ECI Audit)	RECOMMENDATION (ECI Audit)	ACTION STATUS (Agency)
<p style="text-align: center;"><u>Review Process</u></p> <ol style="list-style-type: none"> <li>1) Travel vouchers lacked proper information.</li> <li>2) Current form does not allow for required mileage destination.</li> <li>3) Purpose or duties performed of travel not clearly stated.</li> </ol>	<ol style="list-style-type: none"> <li>1) Travel Voucher must contain a statement detailing mileage.</li> <li>2) Travel Voucher must contain statement detailing contact person/persons.</li> <li>3) Travel Voucher must contain a statement detailing purpose of trip.</li> </ol>	<p>Of the 15 samples selected for testing 10, or 66%, did not contain one or more of the required elements as specified in ECI Policy I. 6C. Travel vouchers tested did not contain “point to point addresses,” and the use of abbreviations to state services rendered were used.</p> <p style="text-align: center;"><b><u>RECOMMENDATION</u></b></p> <p>* It is recommended that ECI develop a Legend to be used as part of their Travel Vouchers in order to explain the abbreviations commonly used by staff members.</p> <p>* It is further recommended that a complete address be used for origination and destination points.</p>