

USE OF FLEXIBLE FUND ACCOUNTS – FOLLOW UP

Audit Report No. FF0207

January 05, 2007



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

Internal Audit Report

AUDITOR'S REPORT

**Use of Flexible Fund Accounts
(Follow-Up)**

Harris County, Texas

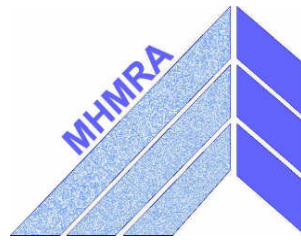
Internal Audit Report

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Henry E. Webb, CFE

Internal Auditor





MENTAL HEALTH MENTAL RETARDATION
AUTHORITY OF HARRIS COUNTY

January 5, 2007

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

Re: Use of Flexible Fund Accounts – Follow-up Audit
Resiliency and Disease Management (RDM) - (Report No. FF0207)

Dear Dr. Schnee:

The Internal Audit Department has completed a follow-up audit relative to procedures for the Flexible Fund Accounts for Resiliency and Disease Management (RDM) for the period June 1, 2006 through November 30, 2006.

The review was designed to assist management with the assessment of the adequacy of internal controls related to the use of RDM Flexible Funds, and that transactions are properly authorized and that applicable compliance with regulations, policies and procedures are adhered to. Additionally, the follow-up audit was designed to determine the progress made toward implementation of the recommendations made in the original report (Audit Report #FF0106). The review consisted primarily of conducting tests on documentation related to recommendations implemented.

Based on the results of the work, 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 RDM Flexible Funds are governed in compliance with regulations, policies and procedures and that assets are adequately safeguarded against loss from unauthorized use or theft.

We 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

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CONTENTS

LETTER OF TRANSMITTAL.....i
SCOPE AND PURPOSE.....III
CONCLUSION.....III
INTRODUCTION.....IV

INTRODUCTION

Resiliency and Disease Management (RDM) is an effort to redesign the way public Mental Health services are delivered to adults with severe and persistent mental illness and children with severe emotional disturbance. The primary aim is to ensure the provision of interventions with empirical support to eliminate or manage symptoms and promote recovery from psychiatric disorders.

These services are defined in the Utilization Management Guidelines for RDM Flexible Funds:

- **“Adult Flexible Benefit 1”** provides financial assistance for spot rental, partial rental subsidy, respite, utilities, emergency food, housewares, residential services, and clothing.
- **“Adult Flexible Benefit 2”** provides financial assistance for transportation from private providers, bus passes and taxi services.
- **“Children’s Services Flex Funds”** provides financial assistance for non-clinical support to reduce symptomatology and maintain quality of life and family integration. Examples of services include respite, mentors, child care, and transportation assistance.

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

**Exhibit 1
Flexible Fund Accounts for Resiliency and Disease Management
Follow-Up With Response**

AUDIT FINDING	PRIORITY RATING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED
Lack of adherence to current Utilization Management Guidelines. 1. Requested funds not entered in client billing. 2. Funds exceeded allowable limit.	1	Review current guidelines with staff. Add a level of approval to reduce error rate.	Implemented.	Established a formal policy and procedure. Implemented/reviewed policy and procedure with staff. Added a level of approval that all RDM flexible fund transactions require UM Department’s approval.