

RIPLEY BUSINESS OFFICE (FOLLOW-UP)

Ripley Business Office
Audit Report No. RIPCSC0107

October 9, 2006



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

Internal Audit Report

AUDITOR'S REPORT

Ripley Business Office (Follow-Up)

Harris County, Texas

Internal Audit Report

October 9, 2006

Henry E. Webb, CFE

Internal Auditor





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

October 9, 2006

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

Re: Ripley Business Office Follow-up Audit (Report No. RIPSC0107)

Dear Dr. Schnee:

The Internal Audit Department has completed a follow-up audit relative to procedures for the Ripley Business Office for the period of February 1, 2006 through August 31, 2006.

The review was designed to assist management with the assessment of the adequacy of internal controls related to the Business Office 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 #RIPSC0106). The review consisted primarily of conducting on-site visits, interviews with unit personnel, and reviewing relevant 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 the Business Office is operated in compliance with regulations, policies and procedures, and that assets are adequately safeguarded and 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,

A handwritten signature in black ink, appearing to read 'Henry E. Webb', is written over a horizontal line.

Henry E. Webb, CFE, Internal Auditor

A handwritten signature in black ink, appearing to read 'Cheire Lee', is written over a horizontal line.

Cheire Lee, Staff Internal Auditor

Cc: Rose Childs, MSW, CSWM, Deputy Director, Mental Health Division
Kenneth Collins, LMSW, Deputy Director, Mental Retardation Division
Barbara Dawson, MSE, Deputy Director, Comprehensive Psychiatric Emergency Program Division
Avrim Fishkind, 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
David Witt, MPA, CPA, Chief Financial Officer
Eric S. Eaton, CPA
Audit Committee

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SCOPE AND PURPOSE

Internal Audit has completed a follow-up audit relative to procedures for the Ripley Business Office for the period of February 1, 2006 through August 31, 2006. 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 compliance with audit #RIPCSC0106 recommendations.

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 internal controls related to the Business Office function. This audit was executed in accordance with Generally Accepted Government Auditing Standards (GAGAS).

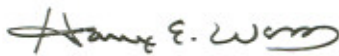
Unit management is responsible for establishing and maintaining a system of internal controls to adequately safeguard assets as an integral part of the overall internal control structure. The objectives of a system are to provide management with reasonable, but not absolute assurance that the Business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

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

The review consisted principally of conducting on-site interviews with unit personnel, reviewing relevant documentation related to recommendations, and categorizing the status of action taken by management. The scope was limited to the recommendations from the report. The review included examining the responses in detail to determine whether management considered the recommendations and strategies for implementation as presented in the report and whether progress was made since its issuance.

CONCLUSION

Based on the results of the audit, it was concluded that internal controls over the Business Office 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.



Henry E. Webb, CFE, Internal Auditor



Cheire Lee, Staff Internal Auditor

INTRODUCTION

The Ripley Clinic provides mental health services to the Harris County community. Following is a summary of activities conducted to support clinical and financial operations:

- Maintenance of client status for clinic visit
- Client information verification
- Client payment collection, deposit, and reimbursement for prescription cost
- Processing various documents
- Authorization of Continuity of Care with Behavioral Health Organization
- Authorization of Agency medication
- (Re)scheduling appointments
- Annual client financial assessment
- 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
Ripley Business Office
Follow Up With Response**

AUDIT FINDING	PRIORITY RATING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED
<u>Business Office Policy</u> 1. Inadequate policies established 2. Outdated policies and procedures	1	Revise and approve Business Office Policy by (Assistant) Deputy Director. Review with staff.	In progress.	Business Office Policy is being revised.
<u>Record Retention Policy</u> 1. Lack of awareness and following policy.	1	Follow policy. Provide policy on Agency Intranet.	Implemented.	Established a uniform destruction schedule for Business Office.
<u>Office Operations</u> 1. Ineffective, inefficient use of office resources. 2. Inadequate training and supervision.	2	Relocate supervisor's office for closer supervision. Provide adequate (cross) training, back-up and periodic staff performance review. Reallocate assignments to improve workflow efficiency and meet operational objectives.	Implemented to an acceptable level.	Relocated supervisor's office to adult office. Created a new Business Coordinator position without removing the receptionist position.

		<p>Organize document flow for children's office.</p> <p>Utilize technology to reduce manual works.</p>	<p>Provided reasonable training and back-up for client services.</p> <p>Revision of supervisor's review tool is being considered.</p> <p>Dividing tasks among staff for client information verification are being considered.</p> <p>Cleaning up unapplied payments is in progress.</p> <p>Utilized boxes for providers and reasonably organized documents at children office.</p> <p>Eliminated the use of cash summary sheet for payment collection.</p> <p>The ability of Anasazi's ATP module is in consideration for Qualifacts development.</p>
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