

**STARS CLINIC – TIME AND LEAVE RECORDS**

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**Audit Report No. STARS0109**

**April 17, 2009**



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

**Internal Audit Report**

**AUDITOR'S REPORT**

**STARS Clinic – Time and Leave Records**

**Harris County, Texas**

**Internal Audit Report**

**April 17, 2009**

**Henry E. Webb, CFE**

**Internal Auditor**





April 17, 2009

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

Re: STARS Clinic Time and Leave Records (Report No. STARS0109)

### **BACKGROUND**

The Specialized Therapies and Rehabilitative Services (STARS) provide therapeutic intervention services uniquely designed to meet the needs of children, adolescents, and adults with Mental Retardation or Autism Spectrum Disorders, who are experiencing behavioral problems that impede process in their daily lives. The therapeutic plan of care emphasizes:

- a) Data-based and measurable progress
- b) Parent and/or caregiver training
- c) Safety net behavioral services

STARS supports the local network of private providers through consultation services and training to the community.

STARS stated vision is to envision their consumers as citizens who:

- a) Are happy with their home lives, friends, families and relationships
- b) Learn new ways to respond to environmental stressors which contribute to their inappropriate behaviors
- c) Successfully meet their needs as independently as possible
- d) Remain socially appropriate in family and social activities
- e) Continue to improve their functional living skills

STARS Clinic provides the following services:

### **Medical Services**

- a) Psychiatric testing
- b) Medication management and monitoring
- c) Nursing support services

**Psychological Services**

- a) Psychological testing
- b) Behavior therapy
- c) Behavior support
- d) Behavior intervention
- e) Behavior training

**Other Services**

- a) Social work assessment and counseling
- b) Speech and language assessment and consultation

**Admission Criteria**

- a) Harris County resident
- b) At least three years of age
- c) Determination of Mental Retardation (DMR)

STARS specializes in service to people with:

- a) Autism Spectrum Disorder/Pervasive Developmental Disorders (PDD)
  - \* Asperger's disorder,
  - \* Autistic disorder,
  - \* Rett's disorder,
  - \* Childhood disintegrative disorder
  - \* Pervasive developmental disorder, NOS
- b) Dually diagnosed with Moderate, Severe, or Profound Mental Retardation and a psychiatric illness

**OBJECTIVES**

The overall objectives of the audit were to determine whether the department:

- Managed and used resources in an efficient, effective, and economical manner
- Administered funds in compliance with applicable laws, regulations, policies and procedures
- Implemented internal controls to prevent or detect material errors and irregularities

The specific objective in this audit was to:

- Assist management with the assessment of the adequacy of internal controls associated with compliance with applicable federal and state laws, regulations and policies, as they relate to time and leave records.

**SCOPE**

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 established policies and procedures and to test the internal control over tested areas and material. The audit scope was from July 1, 2008 through February 28, 2009.

Department management is responsible for establishing and maintaining a system of internal controls to adequately comply with approved policies and procedures. The objectives of an internal control system are to provide management with reasonable, but not absolute, 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 recorded properly.

Because of inherent limitations in any system of internal accounting control, 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.

The purpose of the audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements. The audit report is not an appraisal or rating of management.

Although due professional care in the performance was exercised, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected.

Internal Audit would like to thank management and staff for their cooperation throughout the audit.

## **METHODOLOGY**

In order to meet the objectives, Internal Audit evaluated controls and reviewed policies and procedures for compliance and completeness. MHMRA staff was interviewed and audit tests and procedures were conducted as considered necessary.

The sample size and selection were statistically generated using a desired confidence level of 95%, expected error rate of 5%, and a desired precision of +/-5%. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

## **STATEMENT OF AUDITING STANDARDS**

The audit was conducted in accordance with generally accepted government auditing standards (GAGAS). Those standards require that Internal Audit plan and perform the audit to afford a reasonable basis for the judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. An audit also includes assessing the estimates, judgments, and decision, made by Agency management. It is believed that this audit provides a reasonable basis for the findings, conclusions, and recommendations.

## **RESULTS**

As a result of the audit procedures and surveys conducted, it was determined that the departmental compliance with established criteria and accuracy of reporting generally meet Agency Policy and Procedures. However, it was noted during the review that the timekeeper's payroll spreadsheet had a formula error and it was recommended that the timekeeper receive a new master copy and to "hard code" formulas where feasible.

It was further noted that the error on the timesheets were corrected in the Payroll Department, but the corrections were not conveyed back to the STARS Clinic.

Compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal and State programs is the responsibility of the Authority's management. Internal Audit expresses an opinion on the Authority's compliance based upon the audit.

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Henry E. Webb, CFE, Internal Auditor

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Michele Johnson, MPA, 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  
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  
External Audit Firm  
Audit Committee:  
Tom Hamilton, Ph.D. (Chairman)  
Jane B. Cherry  
Paige M. Cokinos  
Charles O. Buckner, CPA  
Vicki S. Raynold, CPA  
Bob Borochoff

**ATTACHMENT A**  
**SUMMARY OF RECOMMENDATIONS**  
 April 17, 2009

|   |   |   |
|---|---|---|
| Unit: STARS Clinic<br>Area: Audit   |   |   |
| Inherent Risk:      Low<br><b>Moderate</b><br>High  | Control Environment:    Well Controlled<br><b>Acceptable</b><br>Poorly Controlled | Overall Risk:      Low<br><b>Moderate</b><br>High |
| Type of Procedures: <b>Audit</b>  |   |   |
| Scope:<br><ul style="list-style-type: none"> <li>* Using Internal Control Evaluation (ICEs) forms, documented internal controls</li> <li>* Conducted a preliminary survey reviewing applicable policies and procedures, etc.</li> <li>* Interviewed various staff, obtained understanding of management controls</li> <li>* Examined detailed receipts, vouchers, and supporting documentation</li> </ul> |   |   |
| Priority Rating:  | Audit Recommendations:  |   |
| Follow-up:    As Risk Assessment Warrants   |   |   |

**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).
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, requires third party cooperation).