

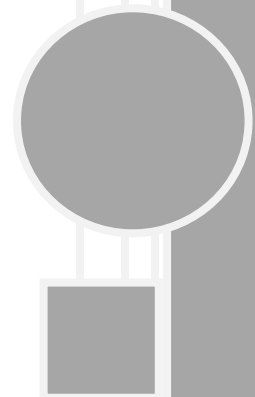


AUDIT REPORT

DALLAS COUNTY

HHS WELFARE - FY2018 AND 2019

Darryl D. Thomas
Dallas County Auditor
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HHS WELFARE - FY2018 AND 2019

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Dr. Philip Huang
HHS Director
Dallas, Texas

Attached is the County Auditor's final report entitled "**HHS Welfare - FY2018 and 2019**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

A handwritten signature in blue ink that reads "Darryl D. Thomas".

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A review of the Health and Human Services Welfare division for fiscal years 2018 and 2019 revealed the following significant observations listed below:

Summary of Significant Observations

- 15 rent assistance payments totaling \$12,375 processed for one client without an updated lease agreement on file or documentation supporting a lack of financial resources.
- Eight client contribution payments for mortgage assistance totaling \$1,857.60 were received between six and 29 business days after being received by the department.
- Clients did not receive a Dallas County receipt for mortgage contribution payments.
- Client payments were not securely stored prior to deposit.
- Assistance in the amount of \$6,528.87 was authorized on the basis of physician's disability forms that were either incomplete or contained potentially disqualifying information.
- 240 bus vouchers valued at \$864 were issued to a homeless shelter without the clients being physically be present at the agency.
- Welfare Board Advisory Committee has not met since February 16, 2012.
- Four out of five board positions remain unappointed.
- Welfare Program manual did not clearly outline the parameters that define one-time, temporary, and on-going assistance.
- Welfare Program Policy and Unit Intake manuals were last updated on May 20, 2011.
- Payments were processed on past due utility accounts.
- Full month's utility payment was authorized for a client who was not disabled for the full month.

Repeat Observations from Previous Audits:

- Eligibility documentation missing from client files.
- Mortgage/Utility assistance provided to ineligible clients.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2017 through September 30, 2019.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

DETAILS

Mortgage and Rental Assistance

A sample review of 10 client files for rent assistance payments processed during fiscal years 2018 and 2019 revealed three rent assistance payments were issued without the required disability forms on file and a physician's form was missing the client's signature. Expanded review of the case files for clients receiving rent assistance revealed that 15 rental assistance payments totaling \$12,375 were processed for one client without an updated lease agreement on file. Documentation supporting a lack of monetary resources for 2017, 2018 and 2019 was not obtained before rent payment assistance was processed. The Client Certification of Responsibility which was signed May 24, 2016 stated that eligibility is to be assessed every 30 days and is not to exceed 90 days. However, updated forms and evaluations were not in the client file.

A sample review of 20 mortgage payments processed during fiscal years 2018 and 2019 revealed eight Assistance Authorization (AA) forms approving mortgage assistance payments did not have the current mortgage statement on file; one case did not have the social security number on file; and one case had eligibility approved for a household with an adult who was capable of working. Assistance in the amount of \$6,528.87 was authorized on the basis of four physicians' disability forms that were either incomplete or contained potentially disqualifying information, including forms that did not indicate whether or not the patient/caretaker was able to work, forms that stated that the client was able to work part-time, forms not signed by a Medical Doctor (MD) or Doctor of Osteopathic Medicine (DO), and a contribution letter that was not notarized.

When the amount of a mortgage payment due exceeds the amount of assistance a client qualifies for, the client is required to submit a check/money order to the Welfare Division for the difference. A sample review of 10 money orders/checks provided to a case worker by a client revealed eight checks totaling \$1,857.60 were receipted between six and 29 business days after the check dates. Clients did not receive a Dallas County receipt when payment was tendered, payments were not secured prior to deposit, and payments were stored in case files accessible by all Welfare program employees.

A sample review of 10 client files for room and board payments processed during fiscal year 2018 and 2019 revealed three assistance payments were issued without the required disability forms on file.

The Dallas County Department of Human Services (DCHHS) Welfare Program Policy was designed to provide assistance to a wage earner who is disabled and has no other resources to provide rental, room and board, and mortgage assistance. In addition, a non-disabled person may meet the requirements if a physician verifies that the person is in the home to care for a disabled person who is part of the same economic unit. According to DCHHS Welfare and Division Policy Manual and Welfare Intake Procedural Manual, the disability statement must be verified, signed, and dated from a licensed physician (M.D. or D.O.) within last 30 days of establishing eligibility. Additionally, clients receiving more than three months assistance from a single individual must have a notarized statement from the contributor.

Per Dallas County Code Sec 74-691, official receipts shall be written or generated immediately for all collections made in the official capacity of the various offices of the county. Further, all monies received should be promptly receipted and deposited properly, and timely in accordance with LGC § 113.022;

Limited management oversight, insufficient employee training, and incomplete procedures for reviewing and monitoring case files increased the risk that financial assistance may be provided to ineligible applicants. Additionally, limited management oversight related to the collections made by the Welfare Program staff may result in inaccurate financial records and increased potential that funds may be lost or misappropriated.

Recommendation

Mortgage and Rental Assistance

The Program Manager should:

- Provide training to caseworkers and management on the type of documentation needed to determine eligibility for food assistance.
- Review client's file to ensure it contains all required forms and the documentation supports food assistance eligibility determination.
- Clearly identify on a client's case any reason why a person is provided assistance when not eligible.
- Timely receipt checks to County Wide Receipting system.

Management Action Plan

- The Program is in the process of updating procedures.

Auditors Response

None

Policy and Procedures

A review of the Welfare Program Policy and Welfare Intake Unit Procedural manuals revealed that the documents had not been updated since May 20, 2011. In addition, the manuals contained outdated policies that do not reflect the current roles and responsibilities of the Welfare Program and did not reflect the information communicated on forms provided to clients. The manuals did not clearly outline the parameters that define one-time, temporary, and on-going assistance and there were no procedures and/or manuals for clients that receive on-going assistance.

The Government Accountability Office (GAO) documents that an entity should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives. In addition, an entity should evaluate performance and hold individuals accountable for their internal control responsibilities. Policy and procedures should be implemented to run operations, accomplish goals, and prevent fraud. Policy and procedures should be written instructions with directives to be followed and assure controls cover all areas of compliance. Specific controls related to policy and procedures should be clearly defined to ensure applicants requesting assistance are evaluated for eligibility in a consistent and fair manner to not reflect partiality to any applicant.

A lack of management oversight, inconsistent employee training, and outdated policy and procedures manual increased the risk that assistance may be provided to ineligible applicants. Furthermore, a lack of transparency in the application of eligibility criteria has resulted in inconsistent operations of the Welfare Program.

Recommendation

Policy and Procedures

Management should:

- Update all policy and procedures manuals to clearly define eligibility requirements.
- Clearly document on clients' case files explanations for variances from outlined eligibility criteria when assistance is provided.
- Review staff compliance with established internal controls.

Management Action Plan

- The procedure manual contained outdated information, did not reflect information communicated on forms and did not clearly define one-time, temporary, and on-going assistance.
- The program is in the process of updating the procedure manual to reflect current roles and responsibilities of the program and to clearly outline the parameters that define onetime, temporary, and on-going assistance.

Auditors Response

None

Utilities Compliance

A sample review of 20 utility assistance payments processed during fiscal year 2018 and 2019 revealed 15 utility payments were processed on accounts that were past due and the amounts were not paid by the clients before assistance was provided. This included a payment of \$21.65 that was processed on a client's account for a billing period not on the Assistance Authorization (AA) form; a full month payment that was authorized for a client who was not disabled for the full month; and two Assistance Authorization forms (AA) that were missing the client's address.

Per the Intake Unit Procedural Manual and the Client Responsibility Agreement Form signed by clients and the Welfare case worker, original utility bills must be presented monthly for the processing of utility payments and attached to the Assistance Authorization forms. The Intake Unit Procedural Manual further states that clients must first pay past due utility amounts and provide receipts for confirmation before assistance is provided. The

case worker will manually write on the bill the amount authorized for assistance, circle amount, and initial the AA form. The client's address should be listed on the Assistant Authorization form.

Inconsistent management oversight and training combined with limited procedures for reviewing and monitoring case files increased the risk of assistance being provided to ineligible clients.

Recommendation

Utilities Compliance

The Program Manager should:

- Provide training to caseworkers and other employees as to the proper documentation needed to determine eligibility for utility assistance.
- Review clients' files to ensure all required forms are maintained and accurately reflect eligibility decisions made.

Management Action Plan

- Per the Welfare policy, utilities are paid so that individual/family can retain utilities services while receiving assistance. The program pays the allowable portion to the utility company for a client in order to prevent the utility from being disconnected. Procedures will be updated to reflect current practice. Additionally, clients are referred to the Comprehensive Energy Assistance Program (CEAP) to assist with the remaining balance if eligible. The program is in the process of updating procedures to reflect current practices.

Auditors Response

None

Food Assistance

A review of eight food vouchers processed during fiscal years 2018 and 2019 revealed four food vouchers totaling \$200 were approved and processed without obtaining a letter verifying whether recipient was receiving federal benefits under the SNAP food assistance program. Per section 2.31.1 of the Welfare Division Policy Manual approved by the Dallas County Commissioners Court, clients must provide verification which indicates that their food stamp request was denied or is pending for food assistance to be authorized by the Dallas County Welfare division. Lack of management oversight and board review combined with inconsistent employee training and an outdated policy manual increased the risk of assistance being provided to ineligible clients.

Recommendation

Food Assistance

The Program Manager should:

- Provide training to caseworkers and management on documentation needed to

determine eligibility for food assistance.

- Review client's file to ensure it contains all required forms are included and documentation supports food assistance eligibility determination.

Management Action Plan

- Program is in the process of updating procedures.

Auditors Response

None

Bus Tickets Issuance

A review of receipt books used during fiscal years 2018 and 2019 and case files related to the issuance of bus tickets in compliance with procedures outlined in the Intake Unit Procedural Manual revealed 38 bus ticket vouchers were given to two clients whose case files did not contain documentation verifying eligibility: one client was issued 26 tickets on four different occasions and the other was issued 12 tickets on the same day. A total of 240 bus vouchers were issued to a homeless shelter without the clients being physically present at the agency; and the bus ticket price listed on the Intake Unit Procedural Manual was \$3.00 though the current price is \$3.60.

Per the Welfare Intake Unit Procedural Manual, bus tickets are only to be processed to clients present in the agency and by appointment only. Bus tickets are issued once the client has met the eligibility criteria by the Welfare Program. Inconsistent management oversight and training combined with an outdated policy manual increased the risk of assistance being provided to ineligible clients.

Recommendation

Bus Tickets Issuance

Management should:

- Provide training on the type of documentation needed to determine eligibility for transportation assistance.
- Review clients' file to ensure all required forms are included and documentation supports transportation assistance eligibility determination.
- Update procedural manual to reflect new ticket prices and the process for issuing bus tickets to clients who are unable to come to the department.

Management Action Plan

- The program is in the process of updating the procedure manual to reflect the maximum allowable amount.

- The program is in the process of updating procedures to include updated roles and responsibilities of staff.
- The program is in the process of updating the procedure manual to reflect the current price for bus tickets.

Auditors Response

None

Overpayment/Collections

A review of HHS Welfare's overpayment policy and procedures, as well as, billing and collections during fiscal years 2018 and 2019 revealed two overpayments totaling \$937.03 remained unrecovered in excess of one year including one \$900 overpayment that has been outstanding for over two years without being referred to the District Attorney's Office for collections. Department records note only one attempt to recover the funds was made on each of the outstanding amounts.

Per department *Financial Administration Policy, Procedures and Best Practices*, three Notifications of Overpayment (NOP) are sent to vendors/landlords in an attempt to collect the outstanding debt as of the initial invoice date. Inconsistent management oversight and monitoring of overpayments increased the risk that funds belonging to Dallas County may be unrecoverable.

Recommendation

Overpayment/Collections

Management should:

- Periodically review collection efforts on overpayment
- Refer unresolved overpayments to District Attorney's Office for collection after 60 business days.

Management Action Plan

- The two (2) overpayments referenced in the report have been forwarded to the District Attorney's Office. Additionally, procedures have been implemented to ensure that overpayments are monitored and tracked.
- DCHHS, Welfare will continue its efforts to strengthen the internal review and monitoring process of all aspects of the program. The Monitoring and Compliance section of the Financial Administration division, currently conducts an ongoing review that involves reviewing client case files to ensure all required forms and adequate documentation are available in the case file to support assistance eligibility determination prior to authorizing payment for assistance. Non-compliant client case files are brought to the attention of the Welfare Program Manager for corrective action.

- Additionally, training continues to be an important tool in addressing compliance related areas of the program. DCHHS, Welfare's training process will include the following:
 - Updating program's procedural manual to clearly define eligibility requirements and appropriate documentation required to determine eligibility for each type of assistance, and update bus ticket price and the process for issuing bus tickets;
 - Updating training manuals with procedures that will be implemented to ensure adherence to the program policy;
 - Follow-up to ensure vacant board positions of the Welfare Advisory Board are appointed;
 - Extensive staff training by Supervisors;

- Staff meetings to ensure adherence to all updated procedures. overpayments referenced in the report have been forwarded to the District Attorney's Office. Additionally, procedures have been implemented to ensure that overpayments are monitored and tracked.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator