



AUDIT REPORT

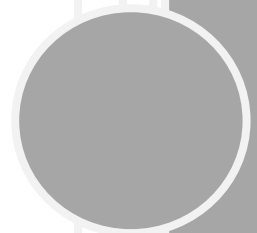
DALLAS COUNTY

FY2023 HHS HUMAN SERVICES AND ENVIRONMENTAL

Timothy J. Hicks, CPA
County Auditor

ISSUED: 7/29/2024

RELEASED: AUGUST 29, 2024



FY2023 HHS Human Services and Environmental

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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

Philip Huang
HHS Director
Dallas, Texas

Attached is the County Auditor's final report entitled "**FY2023 HHS Human Services and Environmental**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail.

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,

Timothy J. Hicks

Timothy J. Hicks, CPA
County Auditor

EXECUTIVE SUMMARY

A review of HHS Human Services and Environmental Health for fiscal year 2023 revealed the significant observation below:

Summary of Significant Observations

- **Cash Control:** Environmental Health did not have access to the County Wide Receipting system (CWR), so manual receipts were written for all payments received.
- **Cash Control:** The Medicaid specialist reconciles and records electronic funds transfer (EFT) payments, submits checks to the accountant for deposits, and bills service recipients.
- **Manual Receipts:** 14,300 manual receipt copies were not attached to the computer receipts after posting CWR.
- **Manual Receipts:** 34 manual receipts tendered in cash were altered instead of being voided and issuing a new receipt.
- **Computer Receipts:** 409 of 476 (85.92%) computer receipts were voided between 15 min and seven hours after the original receipt date.
- **Computer Receipts:** 191 of 476 (40.13%) computer receipts were issued and voided by the same user.

Repeat Observations from Previous Audits:

- Lack of segregation of cashiering duties.
- Immunization clinics not located in the HHS building only issue manual receipts.
- Manual receipts were altered instead of issuing a new receipt.
- Manual receipts did not have a computer receipt attached.
- Inconsistent completion of fee/price override authorization form for price adjustments.
- The payor field on receipts was noted as a period (.) with no customer names listed.

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, 2022, through September 30, 2023.

The audit procedures may have included interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used may have been reviewed and incorporated as part of the testing of transactions.

**DETAILS****Cash Controls****Criteria**

Per Local Government Code (LGC), § 113.022, a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Per DCHHS procedure manual, all authorized employees receiving check payments are to compare payor information to the Treasurer's Office' Non-Sufficient Funds (NSF) outstanding check listing prior to receipting.

Per standard internal control procedures, duties are segregated such that no employee has the ability to both perpetuate and conceal errors or fraud.

Review

A walkthrough of HHS and Environmental Health processes and procedures was performed on March 31, 2024. The following internal control risks were identified:

- Cashiers and staff do not verify that a customer is not on the Treasurer's NSF check list before accepting personal checks.
- The Health Services accountant both receives and post payments.
- The Medicaid specialist reconciles and records electronic funds transfer (EFT) payments, submits checks to the accountant for deposit, and bills service recipients.
- Environmental Health did not have access to the County Wide Receipting system (CWR). The division writes manual receipts for all payments received.
- Occasionally, HHS is open on Saturdays to offer free services to the public. The employee on duty issues manual receipts for customers who are not eligible for free services. The manual receipts are entered in CWR the following business day by the central cashier.

Cause/Effect

These risks were due to inconsistent supervisory review, non-adherence to NSF check procedures, and a lack of segregation of duties for billing, receiving, and posting payments.

This resulted in delayed revenue recognition, increased the potential that funds may be lost, misappropriated, or uncollectible.



Recommendation

Cash Controls

Management should:

- Request access and setup of the County Wide Receipting system (CWR) for all locations that receive money.
- Ensure that payment processing duties for billing, receiving, and posting payments are properly segregated and regularly reviewed by a supervisor.
- Re-train staff on check procedures related to Treasurer's Office NSF list.

Management Action Plan

- Currently, the Health Services Accountant (FA Accountant) receives the mailed-in checks from the FA Operational and Logistical Support (OLS) section and then deposits the payment into the County Wide Receipting (CWR) system. Once the deposit is completed, the FA Accountant informs the Medicaid Specialist of the payment so that internal billing records can be updated with payment information. Moving forward, the OLS section will provide the mailed-in checks to the Senior Financial Manager who will provide to the FA Accountant for deposit.
- Currently, the Medicaid Specialist bills service recipients and does not receive checks. Once checks are deposited, the Medicaid Specialist is provided the DC98 Deposit Warrant by the FA Accountant once checks are deposited in order to update internal records with payment information for recipients that were billed.
- In order to maintain a centralized process for depositing, the Environmental Health division will continue to provide daily collections and receipts to the Central Office Cashier's booth for depositing on a timely basis. Additionally, DCHHS has initiated a request to replace manual receipting with automated online receipting (AOR) as a pilot for the Jefferson outlying immunization clinic through the departmental quality improvement effort. The AOR system is an online payment platform that enables clinics to accept credit card payments for services offered through a link that is connected to a Dallas County bank account. Upon successful completion of the pilot program, DCHHS intends to expand automated receipting to all outlying immunization clinics. (Note, this system is cost-effective from the standpoint of not requiring additional hardware and specialized cashiering staff while optimizing operating efficiency.)

Auditor's Response

- None

Manual Receipts

Criteria



Per Local Government Code (LGC), § 113.022, a county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received.

Per standard operating procedures, all manual receipts are accounted for and properly used, include supervisory review, issue in numeric order, have the corresponding computer receipts attached, and are posted and deposited timely. Manual receipt carbon copies are distributed as follows: the white copy to the customer, the pink copy to the Treasurer's Office, and the yellow copy remains in the manual receipt book. Manual receipts are not to be altered, but instead marked "Void", and affixed with a reason for the void. All voided copies are retained.

Review

A sample review of manual receipts issued at seven HHS satellite locations during fiscal year 2023 was performed. It included 20 receipts posted to CWR, 34 altered receipts and responses to the internal control questionnaire. The following was identified:

- All 14,763 manual receipts were not attached to the corresponding computer receipts.
- One manual receipt was posted to CWR two days after the manual receipt date.
- 34 manual receipts were altered instead of being voided and reissued.
 - All altered receipts were issued for funds tendered in cash.
 - 12 manual receipts tendered for cash were altered to amounts totaling \$126 less than the original receipt amounts.
 - 22 manual receipts were altered to amounts totaling \$139 more than the original receipt amounts.

A review of all 142 manual receipts voided during fiscal year 2023 revealed:

- One voided manual receipt did not have "Void" written or an explanation for the void on the receipt.
- Three voided manual receipts did not have the white customer copy attached.

Cause/Effect

These instances occurred due to inconsistent supervisory review and adherence to manual receipt standard operating procedures.

Inconsistent internal controls have resulted in the increased risk of undetected financial losses to Dallas County.

Recommendation



Manual Receipts

Management should:

- Request access and set-up the County Wide Receipting system (CWR) for all locations that receive money. Once established, manual receipts should only be used during system downtime.
- Review manual receipts books regularly for completeness and accuracy.
- Train new and current employees on manual receipting procedures including that manual receipts should not be altered but instead voided and a new receipt issued.
- Ensure that all voided manual receipts are properly marked "Void", have clear explanations for the void, and all copies of the manual receipt are retained.

Management Action Plan

- Computer receipts for the HHS outlying clinics are attached to each pink copy receipt and then submitted to the central office cashiers along with daily funds collected for deposit. These computer receipts are attached to the DC 98 Deposit Warrant report that is retained on file to maintain audit trail and are available for review.
- DCHHS has regular scheduled trainings in which proper voiding procedures are emphasized. Staff will continue to be re-trained on proper voiding procedures including that manual receipts should not be altered but instead voided and a new receipt issued. The department conducted a training on manual receipting on January 4, 2024. The training material was uploaded to the County's intranet and made available to all departmental staff.

Auditor's Response

- None

Computer Receipts

Criteria

Per the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule protects all "*individually identifiable health information*" held or transmitted by a covered entity or its business associate, in any form or media, whether electronic, paper, or oral. The Privacy Rule calls this information "protected health information (PHI)." There are no restrictions on the use or disclosure of de-identified health information.



Per the DCHHS procedure manual, cashiers are to obtain authorization from supervisor prior to overriding price on the cash register. The Fee/Price Override Authorization Form must be filled out by the cashier and the form must be kept on file.

Per standard internal control procedures, duties are segregated such that no employee has the ability to both perpetuate and conceal errors or fraud. All receipts are accounted for and properly used to affix responsibility, enhance cash control, and prevent assertion that monies were paid and refund due. Formal approval is required before receipt adjustments are processed.

Review

A review of all 476 computer receipt voids (302 cash receipts, five check receipts, and 169 credit card receipts) processed during fiscal year 2023 revealed:

- 191 (40.13%) computer receipts were issued and voided by the same user.
- 170 (35.71%) computer receipts were voided between 15 min and seven hours after the original receipt.

A sample review of 20 out of 41 computer receipt adjustments and Fee-Price Override Authorization forms for the fiscal year 2023 revealed:

- 20 cash receipts were adjusted to \$491 less than the original receipt amounts and do not have the payor name entered.
 - All 20 receipts were missing payor information.
 - 12 of the 20 adjusted receipts did not contain an explanation for the adjustment.
 - The DCHHS Fee/Price Override Authorization Forms were not provided for three adjusted receipts.
 - Five Fee-Price Override Authorization forms did not have explanations for adjustments noted.
 - Four payor names were not indicated on the Fee-Price Override Authorization Form.

Cause/Effect

This occurred because of inconsistent application of internal control related to authorization for receipt adjustments and a lack of segregation of duties.

This increased the potential of financial losses to Dallas County through misappropriation of the granting of unauthorized fee adjustments.

Recommendation

Computer Receipts

Management should:



- Ensure that an explanation is indicated on every computer receipt being adjusted.
- Limit receipt adjustments to supervisory employees.
- Ensure that a customer identifier (i.e. client number) is listed on all adjusted computer receipts that both maintains an audit trail while complying with HIPAA regulations.
- Verify that authorization documentation for approving fee overrides is maintained on file.

Management Action Plan

- Payment adjustments in real-time are necessary to continue servicing our clients who are waiting. Computer voids are reviewed and approved by management and the department reviews DC7 Cancelled reports monthly.
- Payments for services are collected prior to visiting the clinic for services thereby precluding the cashier from denoting the patient number on the receipt.

Auditor's Response

- None

Odd Hours

Criteria

Per the Fair Labor Standards Act (FLSA), employees covered by the Act must receive overtime pay for hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay.

Pursuant to section 90-129 of the Dallas County Code, "Except for reasonable travel to and from lunch, county-owned vehicles shall not be used for any personal use including, but not limited to, use for personal errands or dry cleaners, taking and/or picking up children at school or day care or any other non-county use, for travel to and from after hours, non-county job, etc., or for transporting other employees or individuals for non-county activities such as, but not limited to, travel to and from work."

Dallas County Code Sec. 82-175 states supervisors are responsible for ensuring employee time records are accurate and that no abuses occur. Supervisors are responsible for checking daily start times, meal periods, end times, vacation time, sick time, compensatory time and overtime to ensure employees are in compliance with their shift work schedule and the County's overtime policies.

Review



A review of the GPS Odd Hours report, HHS vehicle activity reports, and Kronos reports for fiscal year 2023 revealed:

- One vehicle was driven outside of Dallas County business hours. In two instances, the time the vehicle was used per the GPS report does not agree to time the employee worked per Kronos.
 - Employees standard KRONOS work schedule was Monday through Friday 8:00 AM to 4:30 PM.
 - Time entered in KRONOS was based on the non-exempt employee's standard KRONOS work schedule rather than the employee's actual hours worked.
 - Unable to determine if employee is entitled to overtime/comp time for additional hours worked.

Cause/Effect

This occurred due to inconsistent supervisory review related to time and attendance policies for non-exempt employees.

This increased the potential that Dallas County may not be in compliance with FLSA standards and may have a liability to the employee for hours worked that were not recorded to KRONOS.

Recommendation

Odd Hours

Management should:

- Ensure accurate written vehicle records are maintained and compared to Kronos weekly based on actual work times.
- Ensure Kronos time is accurate, complete, and reviewed by supervisor. Any Kronos errors should be timely corrected.
- Comply with Dallas County Codes Sec. 82-175 and 90-129.

Management Action Plan

- Vehicle was driven outside of Dallas County business hours because the employee assigned to the vehicle was engaged in after-hour business related response activities and was unable to swipe-in. The division has been advised to correct any time and attendance entries needed after the pay period has ended through historical edits by contacting payroll hotline.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator