



AUDIT REPORT

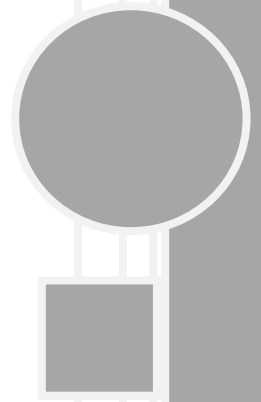
DALLAS COUNTY

HHS HUMAN SERVICES AND ENVIRONMENTAL - FY2021

Darryl D. Thomas
Dallas County Auditor

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HHS Human Services and Environmental - FY2021

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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 Human Services and Environmental - FY2021**" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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,

Darryl D. Thomas

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A review of HHS Environment Services for fiscal year 2021 revealed the significant observations listed below:

Summary of Significant Observations:

- Immunizations clinics not located in the HHS building only issue manual receipts

Repeat Observations from Previous Audits:

- Lack of segregation of cashiering duties.
- Immunizations clinics not located in the HHS building issue only manual receipts
- Manual receipts were altered instead of issuing a new receipt.
- Manual receipts did not have a computer receipt attached.
- Computer receipts with price adjustments do not have a corresponding DCHHHS Fee/Price Override Authorization form with an explanation for the adjustment.
- Payer field in the receipt 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, 2020 through September 30, 2021.

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

FY-21 HHS Manual Receipts

A review Employee Services manual receipt book issuance log and 9,716 manual receipts issued by HHS satellite locations during fiscal year 2021 revealed seven manual receipts were skipped and not marked void; immunization clinics not located in the HHS building only issue manual receipts; 31 manual receipts were altered instead of issuing a new receipt including 31 manual receipts that were tendered in cash; One altered manual receipt was not located in CWR due to manual receipt numbers not being recorded in the receipting system; 20 cash manual receipts were altered to amounts totaling \$135 less than the original receipt amounts; 11 manual receipts were altered to higher amounts totaling \$60 more than the original receipt amounts; and all manual receipts issued did not have a computer receipt attached.

A sample review of 20 manual receipts posted to CWR system during fiscal year 2021 revealed six manual receipts were receipted into CWR two or more days after the manual receipt date.

A review of 98 voided manual receipts revealed 15 of 98 (15.31%) of the manual receipts voided did not have a reason noted for the void and two voided manual receipts did not have the white customer copy attached.

Per HHS Chapter 5.3 Receipting procedures states that in an event an error is made while writing the receipt please void the receipt and issue a new receipt. A voided receipt should be clearly marked "VOID" on the receipt and indicate reason for voiding and initial. Unused receipts must be clearly marked "VOID" and remain attached to the receipt book.

Internal control procedures indicate all manual receipts should be accounted for, issue in numeric order, have the corresponding computer receipt, posted and deposited daily and timely in accordance with Local Government Code, § 113.022 and reviewed by the supervisor. Manual receipts should be verified for accuracy, including the amount, tender type, transaction date, and payer name fields before issuing to a customer. All copies of a voided receipt should be retained, clearly marked "void", and affixed with a reason for the void. Manual receipts should not be altered; instead, receipts should be voided and re-issued. Inconsistent employee training and supervisory review related to the manual receipt process has resulted in inaccurate and incomplete financial records and increased the potential for a loss of Dallas County revenue through the misappropriation of funds. The lack of access to a computerized receipting system and the lack of an audit trail of manual receipts to a computer receipt has resulted in the inability to verify records and increases the potential for loss and/or misappropriation of funds.

Recommendation

FY-21 HHS Manual Receipts
Management should:



- Implement and request access to the County Wide Receipting system (CWR) for all locations that receive money.
- Limit the use of manual receipts to when computer system is down.
- 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.
- Review manual receipts books daily for completeness and accuracy.

Management Action Plan

- In order to maintain a centralized process for depositing, HHS satellite clinic clerks will continue to drop off daily collections and receipts to the Central Office Cashier's booth on a timely basis. Additionally, HHS will continue to ensure timely entry of clinic receipts into the POS/CWR system.
- Staff will be re-trained on proper receipting and depositing procedures. Additionally, training material will be uploaded to the County's intranet and made available to all departmental staff.
- The department will be instituting a process to review the receipt books as and when they are returned to the receipt book custodian. This will ensure that exceptions are noted timely and corrective action is taken immediately. Additionally, the Financial Administration (FA) Monitoring and Compliance section has initiated the process to monitor and periodically perform a review on manual receipt books to ensure adherence to County and departmental receipting procedures.

Auditors Response

None

POS Computer Receipting

The Preventive Health Division at Dallas County Health and Human Services consists of the Central Main location and six satellite clinics located around the Dallas County area that provides clients with immunizations, international travel, STD, TB and several different types of testing. Per Dallas County Health and Human Services process, prior to receiving services at the Central location in HHS, clients are required to pay for the services requested to the central or nursing cashier, obtain a receipt and present the receipt to the program staff for services. The HHS Financial Administration Division has indicated that there are some instances in which the funds paid may be returned to the client including:

- Patient may decline the services requested.
- Nurse discovers the patient does not require the services requested.
- The clinic rendering the service maybe out of supplies/medications, etc. required to provide the service requested.
- During intake, if the nurse detects the patient has a fever, services are not rendered/provided.



- During intake and review of patient's medical history and prescribed medications, services may not be rendered that will have an adverse effect on the patient's well-being.

A review of all 364 Health and Human Services computer receipts voided during fiscal year 2021 including 275 cash receipts totaling \$9,744, 13 check receipts totaling \$1,535 and 76 credit cards totaling \$3,087 revealed internal control weaknesses related to the entry and voiding of computer receipts by the Central and Nursing sections of HHS. Computer receipts did not list the customer's name or a unique identifying number in the "Payee" field. Additionally, 160 computer receipts were voided by a non-supervisory employee and 250 computer receipts were issued and voided by the same user.

A review of the time difference between the issuance of original receipts and the voiding of the receipts revealed 282 computer receipt voids were not processed timely: 24 computer receipts were voided between four and seven hours after the receipt was issued; 77 computer receipts were voided between one and less than four hours after the original receipt was issued; and 181 computer receipts were voided less than an hour after the original receipt issued.

A sample review of 40 computer receipt voids for re-issuance revealed 36 transactions totaling \$1,415 were voided and not re-issued including 26 cash transactions totaling \$785, three check transactions totaling \$330, and seven credit card transactions totaling \$300.

A review of the computer receipts for the month of February revealed the "Change" field on nine cash receipts reflected tendered amounts and denomination quantities that far exceeded the amount due for receipted services. For example, one receipt with an amount of \$10 due for services indicates that customer paid \$210 cash and \$200 in change was returned.

Internal control procedures related to voids and proper cash handling indicate that receipts are to be properly voided with a reason for the void recorded to the computer system; compensating controls should be implemented for voids performed by supervisor and non-supervisory employees; receipts should be verified for accuracy including amount, tender type, transaction date and payer name fields before issuing to a customer. Corrections should be made such that both good internal control and audit trails are maintained. All payments should be receipted and deposited daily in accordance with V.T.C.A., L.G.C. § 113.02. Per DCHHS Procedural manual, approval from management including the Director, Assistant Director, Finance, Budget and Contracts or Grants Management Officer or the onsite supervisor is required prior to voiding a transaction/receipt. Per HHS Financial Administration Operation Instructions for POS terminal, when a customer does not receive the services initially paid for the



reason dialog box should be populated with the notation "Refund-SMR" for Refunds -Services Not Rendered.

Inconsistent supervisory oversight and a lack of written procedures related to receipt processing including voided transactions and customer refunds combined with a lack of segregation of duties increased the risk that funds may be lost or misappropriated. Additionally, incomplete receipt information hinders the ability to further research and affix responsibility for modifications to receipts after the initial customer payment.

Recommendation

POS Computer Receipting
Management should:

- Establish written void procedures.
- Receipts should reflect what has occurred in the actual transaction such as but not limited to tender type, tender amount, and denominations received by cashier and given to customer.
- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures. Reports should be reviewed for instances where tendered amounts and denominations are in excess of amounts due for receipted services.
- Update system roles to limit void capabilities to supervisory personnel.
- Add multiple transactions on one receipt when customer is paying for multiple services and then make multiple copies if needed to show as proof of payment.

Management Action Plan

- Computer receipts are typically voided to issue refunds to the patient during the normal course of business for the reasons provided in the report. A small percentage of voids are therefore to be expected and unavoidable. The reason for voiding the receipt is documented in the receipting system as and when refunds are issued.
- HHS has established written procedures for voids. Please refer to Chapter 5: Collection of Fee for Services, Receipting, and Deposit Control of the Financial Administration Policy, Procedures and Best Practices. Additionally, management reviews DC7: Cancelled Report monthly.
- Receipts currently do reflect the tender type, tender amount, and the denominations received by cashier. Client name is not identified on receipts to adhere to HIPAA regulations.
- The exceptions noted where denomination quantities and tendered amounts were significantly high were mainly due to keying errors. Subsequent to the last audit report, a training



was conducted in July 2021 to bring these matters to cashiering staff to mitigate such errors. Additionally, an internal review process by the department was initiated in July 2021 to monitor such exceptions so that they may be corrected timely correction.

- The Cashier III position requires the "Super No Reset" and "Price Adjustment" capabilities since payment adjustments in real-time may be necessary to continue servicing our clients waiting to be served. Voids are reviewed and approved by management. Additionally, the Department reviews DC7 Cancelled reports monthly.

Auditors Response

None

Financial Admin Computer Receipts

A review of computer receipts voids for the HHS Financial Administration terminal revealed 28 computer receipts totaling \$11,554,706.21 were voided during fiscal year 2021. In addition, the computer receipt voids were issued and voided by the same user. **Update:** CWR system issue cause receipts to be entered more than once and therefore voided more than once. Information Technology personnel were contacted to help resolve issue.

A review of the time difference between the issuance of original receipts and the voiding of the receipts revealed nine receipts were voided 20 hours after the original receipt was issued; five receipts were voided between 14 and 25 minutes after the original receipt was issued; and 14 receipts were voided between 50 minutes and two hours after the original receipt issued.

Internal control procedures related to voids and proper cash handling indicate that receipts are to be properly voided with a reason for the void recorded to the computer system; compensating controls should be implemented for voids performed by supervisor and non-supervisory employees; and receipts should be verified for accuracy including amount, tender type, transaction date and payer name fields before issuing to a customer. Corrections should be made such that both good internal control and audit trails are maintained. All payments should be receipted and deposited daily in accordance with V.T.C.A., L.G.C. § 113.02. Inconsistent supervisory oversight for voids combined with inadequate segregation of duties resulted in inaccurate financial records and increased the potential that funds may be misappropriated.

Recommendation

Financial Admin Computer Receipts
Management should:

- Periodically review system reports and daily work for accuracy and staff compliance to established policies and procedures.



- Periodically review supervisory voids to ensure voids were appropriate.
- Segregate duties such that employees who is receipting is not the same person voiding the receipt

Management Action Plan

- 18 of the 28 voided computer receipts totaling \$7,955,733.22 were related to the CLASS – Deposit Management System (DMS) failure. The computer receipts in question related to grant revenue received by the Dallas County Treasurer's Office through a wire transfer from the U.S. Department of Housing and Urban Development (HUD). The standard operating procedure for such revenue received is to debit cash and credit revenues in that particular grant. On March 3, 2021, the department initiated nine (9) receipts in DMS based on the amounts reflected in (Fund 467) bank statement. However, these receipts did not register in the system due DMS system failure. The Accounting Systems team in the Auditor's Office voided the receipts and requested the department to reenter the receipts. Subsequent to the department re-entering the receipts, the DMS system failed for a second time, requiring the department to enter the receipts for a third time. The exceptions noted here are largely a system failure issue. (Reference email dated March 4, 2021, by the Information Systems Audit Supervisor.) 10 of the 28 voided computer receipts totaling \$3,570,011 were related to key-in errors by the accountant during the deposit process. The receipts voided were approved by managerial staff and evidenced on the DC7 Receipts: Cancelled reports.
- The noted voids were verbally approved by the accountant's direct supervisor. Additionally, the department reviews DC7 Cancelled Report monthly.

Auditors Response

None

Computer Receipt Adjustment

When a fee/price adjustment is needed, an adjustment is done in County Wide Receipting system. In addition, the DCHHS Fee/Price Override Authorization Form is filled out and a copy of the computer receipt is attached to the form.

A sample review of 20 adjusted receipts issued from the HHS POS terminal revealed 11 adjusted receipts were processed by a non-supervisor; 14 receipts were not given a reason for being adjusted; the payer field on the receipt was noted as a period (.) with no customer names listed; and the department did not provide the DCHHS Fee/Price Override Authorization Form for seven adjusted receipts.

Per DCHHS Procedural Manual Chapter 5.7 Payment Override, a Fee/Price Override Authorization Form should be filled by the cashier: cashier obtains authorization from the DCHHS Director, Asst.



Director of Finance, Budget and Contracts, Grants Management Officer or onsite supervisory prior to overriding price on the cash register; and documentation of approval for the override must be kept on file. Inconsistent management oversight related to the documentation and adjustment of transaction combined with an inadequate segregation of duties and the inability to verify records increased the risk that funds may be lost and/or misappropriated.

Recommendation

Computer Receipt Adjustment
Management should:

- Verify that proper documentation of approval for the override is kept on file in accordance with retention schedule.
- Implement procedures to provide a medical patient number or unique client identifier on receipts while still adhering to Health Insurance Portability and Accountability Act (HIPAA) regulations.
- Emphasize receipt adjustment procedures including providing an explanation for the adjustment and limiting receipt adjustments to supervisory employees.

Management Action Plan

- Documentation evidencing supervisory approval is on file for adjusted receipts processed by a non-supervisor employee.
- Reasons for adjusted receipts for exceptions noted is documented in the official Payment Over-ride forms.
- Documentation of approval for price adjustments/overrides are maintained in accordance with retention schedule.
- Payments for services are collected prior to visiting the clinic for services. Thereby precluding the cashier from denoting the patient number on the receipt. Systemically, the payer field on CWR receipts are not populated with the name of the payer due to confidentiality reasons. Effective fiscal year 2023, DCHHS implemented a new electronic health record system, Epic, which enables capturing the receipt numbers on patients file, thereby providing audit trail.

Auditors Response

None



GPS Activity & Kronos Time

A review of GPS Odd Hours Report and Kronos system during fiscal year 2021 revealed two employees GPS activity did not match time entered in Kronos and one employee time sheet did not match the time in Kronos.

Dallas County Code Sec. 82-175 states supervisors are responsible for ensuring employee time records are accurate and that no abuses occur. Supervisors are also responsible for recording employee vacation and sick time and for entering time for employees who are working outside their department work area. In addition, 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. Limited knowledge of Dallas County time and attendance policy resulted in inaccurate official time and attendance records.

Recommendation

GPS Activity

Management should:

- Review time sheets with Kronos to ensure actual hours worked, meal periods, vacation time, sick time, holiday time, jury duty, compensatory time, overtime, ATO, and etc. is properly and timely posted to Kronos in accordance with Dallas County Code.
- Correct any time and attendance entries needed after pay period has ended thru historical edits by contacting payroll hotline.

Management Action Plan

- The two employees noted were engaged in after-hour business related response activities and were unable to swipe-in.
- Finding noted and manager made aware.

Auditors Response

None

cc: Darryl Martin, Commissioners Court Administrator