



COMMISSIONERS COURT  
COMMUNICATION

REFERENCE NUMBER CO#121724

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DATE: 01/12/2016

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE REVIEW OF THE DEPARTMENT OF HUMAN SERVICES**

**COMMISSIONERS COURT ACTION REQUESTED:**

It is requested that the Commissioners Court receive and file the Auditor's Report for the review of the Department of Human Services.

**BACKGROUND:**

In accordance with Local Government Code, the Auditor's Office reviewed the internal controls established by the Department of Human Services during the period January 1, 2015 through July 31, 2015. Data recorded in the Human Services client database and SAP was used to conduct the audit. The audit was limited in scope because the Auditor's Office could not rely on the integrity of the information recorded into the Human Services client database.

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell  
APPROVED BY:



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November 30, 2015

Ms. Julie Parks, Director, Tarrant County Department of Human Services  
The Honorable District Judges  
The Honorable Commissioners Court  
Tarrant County, Texas

RE: Auditor's Report – Human Services

**SUMMARY**

In accordance with Local Government Code, Sections 115.001 and 115.002, we reviewed the internal controls established by the Department of Human Services during the period January 1, 2015 through July 31, 2015. We used data recorded in the Human Services Case Management System (CMS) and SAP to conduct our review. Our review was limited in scope because we could not verify the integrity of the information entered into CMS. As a result of our review, we observed the following issues that require management's attention:

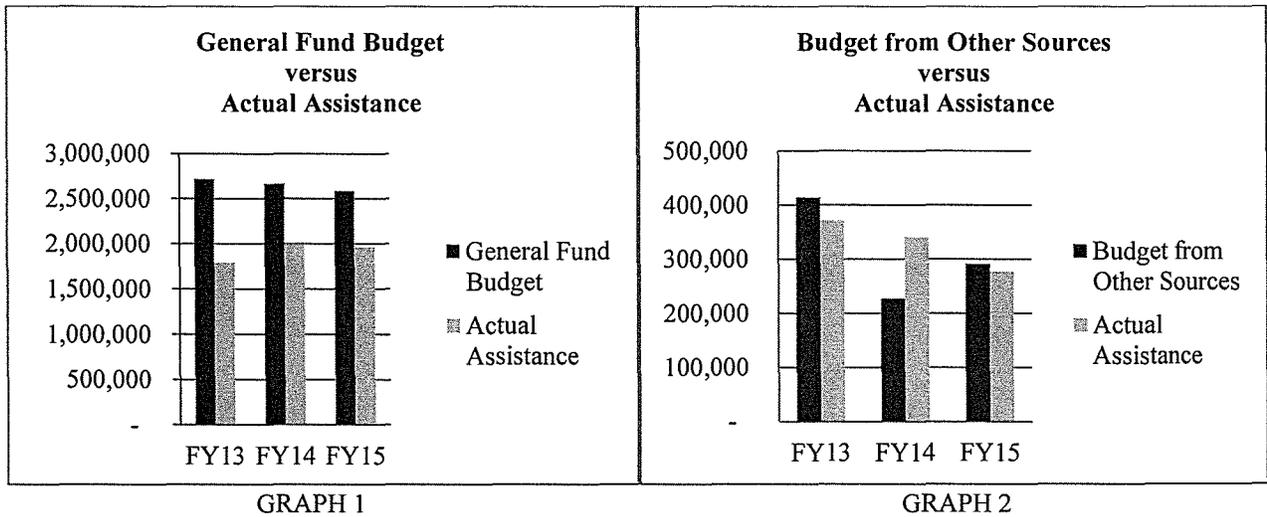
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|---------------|--|
| Observation 1 | Two clients received assistance but did not meet eligibility requirements.                                       |
| Observation 2 | Controls over the accountability of vouchers and the recording of payments were not adequate.                    |
| Observation 3 | Human Services did not comply with the Tarrant County Boards and Commission Guidelines.                          |
| Observation 4 | Human Services did not comply with the Tarrant County Department of Human Services Policy and Procedures Manual. |

We discussed these observations with appropriate Human Services management and staff during our audit.

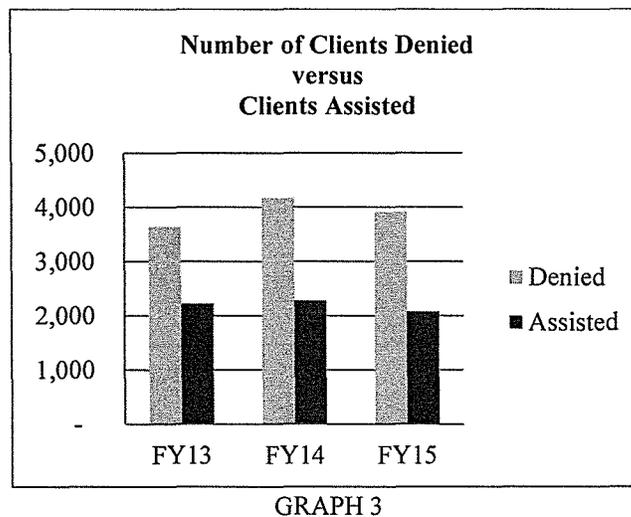
**BACKGROUND**

Local Government Code, Subtitle B, Chapter 81.027 states that Commissioners Courts may provide support to paupers who are residents of the county and unable to support themselves. Support is defined as provisions for the health and general welfare, including food, housing, and medical care for individuals and families experiencing short-term financial set-backs. Funding for assistance is available through two sources: The County's general fund and funds provided by various outside agencies, such as utility companies and grants.

Graph 1 shows that the general fund budget gradually decreased and actual assistance to clients was relatively flat over the last three years. Graph 2 shows that the budget from other sources continues to decline over the last three years.



Human Services approved about 36% of the clients who requested assistance during the last three years. The graph below compares the number of clients who were denied assistance versus those who actually received assistance.



Human Services uses the Case Management System (CMS) to record activities. In August 2015, the Information Technology Department notified Human Services that enhancements to CMS were on the development backlog while they research alternative solutions to replace CMS during Fiscal Year 2017.

## **OBSERVATIONS AND RECOMMENDATIONS**

### ***Observation 1 Two clients received assistance but did not meet eligibility requirements.***

#### **Background**

Section IX, C.6., Others in the Household states, “*The applicant must give the name and pertinent information for each person living in the household/economic unit...Persons living together three months or longer are automatically considered part of the same economic unit.*”

Section IX. C.10, Financial Need states, “*...All income, earned and unearned, from any source, will be verified for each [emphasis added] member of the household/economic unit...The total gross income of the household for the month will not exceed the guidelines established by the agency for each assistance category...*”

The application for benefits requires that the applicant list all individuals living in the household and the combined household income. The applicant certifies by their signature that the information included on the application is true and correct. The form also clearly states that the applicant may be subject to prosecution or denied benefits for providing false or fraudulent information.

#### **Observations**

During our review period, we identified two clients who received assistance that did not meet the eligibility requirements. During our testing to determine whether any County employees received assistance during the review period, we identified two clients who showed the same address as two County employees. The applicants did not list the other member of their household and the additional income on the application. After consideration of the additional income, the clients were inappropriately paid \$1,654.65.

#### **Recommendation**

The Director of Human Services should evaluate each client's case to determine whether the individuals should be sanctioned and referred to the Criminal District Attorney's office.

### ***Observation 2 Controls over the accountability of vouchers and the recording of payments were not adequate.***

#### **Background**

The Department of Human Services provides eligible persons with food, rent, utilities, personal hygiene items, and prescriptions as allowed by policy. Food assistance is typically issued in the form of an Emergency Food (EF) Voucher to use at a store of their choice. The EF Voucher may also be used for personal hygiene supplies, cleaning supplies, and non-prescription medical supplies if there is no other resource for these types of items. Shelter or rent assistance is typically issued with an Emergency Lodging (EL) Voucher, which is paid directly to the landlord or mortgage lender. Utilities are usually paid directly to the utility companies or an Emergency Commodity (EC) Voucher. Each type of voucher is uniquely numbered in sequential order.

Human Services staff maintains a manual log by voucher type which documents the series number, the caseworker issued to, issued date, and date returned. A caseworker completes a supply request form and signs the form acknowledging receipt of vouchers. When a voucher has been issued to a client, the yellow copy of the voucher, data sheets, and supporting documentation are forwarded to the financial staff responsible for recording the information into the CMS database. Typically, voids and replacements are also forwarded to the financial staff for entry into the database.

### **Observations**

We observed that the controls over the accountability of vouchers and the recording of payments were not adequate. Specifically:

1. We observed 23 voided EL vouchers that were not recorded in the CMS database. We confirmed that these vouchers were not paid in SAP. This condition occurred because the caseworkers did not always list the voided vouchers on the datasheets forwarded to the financial staff to record into the CMS database. Furthermore, there was not a process in place to periodically reconcile voucher reports (e.g., "All Issued Vouchers", "Void and Replacements") to voucher logs and books.
2. During our testing of payments, we observed one day where six datasheets totaling \$2,169.35 were not entered into the CMS database but had been paid in SAP. This occurred because there was not a procedure in place to reconcile monthly the payments recorded in SAP to the payments recorded into the CMS database.

As a result, recording errors may not be detected. Furthermore, the activity and payment reports provided to the Human Services Advisory Committee may not be accurate.

### **Recommendations**

To improve controls over the accountability of vouchers and the recording of payments, we recommend the following:

1. Caseworker staff should remit the voided vouchers to the Financial Manager to record the voids into CMS. Then, the Financial Manager should perform a monthly reconciliation of the voids recorded in CMS to the voucher logs and books.
2. At least monthly, the Financial Manager should perform a reconciliation of payments recorded in SAP to payment information recorded in CMS.

***Observation 3 Human Services did not comply with the Tarrant County Boards and Commissions Guidelines.***

### **Background**

The Tarrant County Boards and Commissions Guidelines X.B. states, "*All Boards and Commissions shall provide a comprehensive annual report of the committee's activities during the prior year and plans for the future to the Commissioners Court by March 1 of the subsequent year. The report should include the Committee's current mission statement and information concerning public participation.*"

The Human Services Advisory Committee is a 13-member committee appointed by the Commissioners Court to assist and advise the Court in the delivery of human services throughout the County. The advisory committee's role is also to assist the Department of Human Services in developing goals to meet the needs of the community.

### **Observation**

The Human Services Advisory Committee's Comprehensive Annual Report was not provided to the Commissioners Court by March 1, as required by the guidelines. Rather, the report was filed more than three months later on July 21, 2015. Human Services staff was aware the report had not been filed timely. Although the report included the mission statement and the quarterly attendance and meeting minutes, it did not provide information concerning public participation. As a result, the Commissioners may not have the information necessary to determine whether Human Services is meeting the needs of the community.

### **Recommendation**

In accordance with the Boards and Commissions Guidelines, the Director of Human Services should ensure that the annual report contains the required information and is provided to the Commissioners Court no later than March 1 annually.

***Observation 4 Human Services did not comply with the Tarrant County Department of Human Services Policy and Procedures Manual.***

### **Background**

Section I.B. states, "*Policy and Procedure Directives will be adopted by the Tarrant County Department of Human Services when officially approved by the director of the agency. The director shall submit all such directives for revision and/or ratification by the Tarrant Commissioners Court within two months of the original issue date.*"

Section XII. states, "*New categories may be established upon approval by Commissioners Court and per director's notification whenever special funding is available. Whenever, this is approved, caseworkers will be provided with specific instructions on what the category is covering, what procedures to follow, and what documentation is required.*"

Section XII.O. states, "*1. All household members 18 to 61 years of age must be work-disabled and receiving social security or another public assistance disability...and have no other sources of income...*" For individuals over 18 years of age, a current physician's statement must also be provided indicating a disability.

Documented policies and procedures also grant the Director of Human Services considerable discretionary authority.

### **Observations**

Although the Director of Human Services has updated the Department of Human Services Policy and Procedures Manual, it has not been ratified by Commissioners Court since 2006.

We also observed that staff did not comply with policies and procedures. Specifically:

1. During the review period, we found clients were approved under CATEGORY V – Evictions. Although the Director of Human Services had distributed an interoffice directive to staff in April 2011 describing this new category, it was not formally ratified by the Commissioners Court.
2. In order to alleviate the volume of phone calls, the previous Director of Human Services changed the Special Utility Assistance Program (SUAP) procedures and documentation requirements allowing certain clients to recertify by mail every other year. The clients are only required to submit a *Recertification Application* and a *Declaration of Income* form. While the Humans Services Advisory Committee was briefed regarding the program changes, there was no documentation to support that this change had been ratified by the Commissioners Court.

We tested 30 clients who received SUAP benefits during the review period. We observed six clients that were considered work-disabled who did not provide documentation to support continued work disability (e.g., social security or physician's statement) as required by procedures. The Human Services Director indicated that they would begin requiring clients to submit documents as required by the policies and procedures manual.

### Recommendations

Human Services staff should submit all directives to Commissioners Court for ratification within two months of the original issue date of the change. As previously recommended in the Auditor's Report dated May 31, 2012, we recommend that policies and procedures be updated. We also recommend that management review policies and procedures at least annually to ensure that all changes and directives made throughout the year have been adequately documented, communicated, and ratified by the Commissioners Court.

### CLOSING REMARKS

We appreciate the cooperation of the Human Services staff during our review. Please do not hesitate to call if you have any questions regarding the contents of this report.

Sincerely,



S. Renée Tidwell, CPA  
County Auditor

*Attachment:* Management's Response

*Team:*  
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# TARRANT COUNTY

## DEPARTMENT OF HUMAN SERVICES

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December 29, 2015

Ms. Renee Tidwell CPA  
Mr. GK. Maenius, County Administrator  
The Honorable Commissioners Court  
Tarrant County, Texas

Re: Auditor's Report – Tarrant County Department of Human Services

Dear Ms. Tidwell:

Tarrant County Department of Human Services (TCDHS) is in receipt of your Auditor's Report dated November 30, 2015. TCDHS received this via email December 8, 2015. We appreciate this review which gives us an opportunity to improve our processes and practices. I would like to respond to the following Observations:

***Observation 1: Two clients received assistance, but did not meet eligibility requirements.***

TCDHS Response:

I contacted both clients who stated they knew the county employees and that the employees only used their address for mail delivery (One was a daughter and the other was a girlfriend). The clients have been asked to provide a lease verifying the county employee's current residence. When we receive this information we will move forward.

***Observation 2: Controls over the accountability of vouchers and the recording of payments were not adequate.***

TCDHS Response:

1. Even though leaving unissued vouchers in the voucher books has been in practice for over 20 years, we agree with the recommendation to record all voids in CMS. Human Services changed this process and effective October 2015 began entering all voided vouchers into CMS. Reconciliations will be completed as each voucher book is returned fully used. Periodic reviews will be conducted for unissued vouchers. Additionally, the responsibility of issuing the voucher books will be moved from the Executive Administrative Assistant to the Financial Manager.
2. We agree with this recommendation. Reconciliation between the CMS database and the SAP has never been completed at TCDHS. A reconciliation process between the two systems will be implemented immediately and will begin with Fiscal Year 2016 data. We are hopeful that future solutions currently

being researched by Information Technology to replace the CMS system will include ability to upload data into SAP, eliminating the exposure of human errors created as a result of double data entry.

***Observation 3: The Human Services Department did not comply with the Tarrant County Boards and Commissions Guidelines.***

TCDHS Response:

As stated, I acknowledge the report was late; the due date for the Annual Report followed the retirement of the previous Director and while the newly appointed Acting Director was trying to prioritize departmental processes. I will ensure that from this point on the report will be done timely.

When preparing the Annual Report, I followed previous submissions as a guideline and noted that none of the reports reflected information about "public participation". Future reports will contain this information.

Our Advisory Committee is comprised of agencies and individuals that serve a broad and comprehensive range of needs in Tarrant County. TCDHS relies on the counsel of this group to ensure we are meeting the needs of our community.

***Observation 4: The Human Services Department did not comply with the Tarrant County Department of Human Services Policy and procedures Manual.***

TCDHS Response:

We are currently updating the TCDHS Policies and Procedures Manual, which will include the Category V-Evictions and Special Utility Assistance Program (SUAP) procedures and documentation requirements to present to Commissioners Court for approval.

We will establish a procedure whereby all changes are reviewed, documented and communicated to staff and presented to Court for ratification.

Given the audit covers the period January - July 31, 2015 and my first day as director was July 18<sup>th</sup> I appreciate the Audit Team's observations and recommendations which helps me as I am review all of our policies, procedures and practices.



Julie Parks, LCSW  
Director TCDHS