



**AUDIT FOLLOW-UP REPORT
HEALTH & HUMAN SERVICES
COMPLIANCE & PROCEDURES**

**FOR THE PERIODS OF
JUNE 1 THROUGH JULY 31, 2018**

**Ernest Harvin, CIA
Internal Audit Function
Doña Ana County**

AUDIT FOLLOW-UP MEMORANDUM

DATE: August 17, 2018
TO: Fernando Macias, County Manager
FROM: Ernest Harvin, CIA, Internal Auditor
SUBJECT: Results of Follow-Up Review for the Health & Human Services Audit

EXECUTIVE SUMMARY

The Internal Audit Function issued an audit report on March 9, 2018, entitled *Audit Report Health & Human Services Compliance & Procedures*, upon which it followed up in August 2018. In response to the follow-up for the original Audit Report's 5 x Moderate-Risk Findings, 6 x Low-Risk Findings and 18 recommendations, the Health & Human Services department (HHS) indicated that it agreed with the findings however, implementation of some recommendations would be delayed or would not be feasible without the participation of other responsible Doña Ana County (DAC) departments. In addition, the LDWI program guidelines provided by Department of Finance & Administration (DFA) were in some cases lacking in guideline procedures. However, HHS agreed to create internal procedures to address these noted deficiencies. Health & Human Services also agreed to update SOPs and implement the necessary changes to address audit findings directly under its control.

HHS's actions to implement the recommendations are summarized in the RESULTS section of this report, and detailed in Exhibit A. The internal auditor assessed evidence of HHS's implementation of recommendations from the Audit Report, and determined the following:

- Recommendations for two of the five Moderate-Risk Findings were implemented
- Recommendations for three of the five Moderate-Risk Findings were implemented in part
- Recommendations for five of the six Low-Risk Findings were implemented
- Recommendations for one of the six Low-Risk Findings is pending implementation

BACKGROUND & METHODOLOGY

The internal auditor started an audit of the Health & Human Services' cash handling procedures on January 26, 2018. The audit expanded beyond cash handling to include client-facing procedures utilized by the Court Compliance Division. The fieldwork was completed on March 2, 2018. The audit resulted in an audit report containing eleven (11) findings and eighteen (18) recommendations. As five of the audit findings could be directly linked to past audit report

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findings, the auditor sought to conduct a 90-Day follow-up review as a means of gaging and reporting on management's progress in addressing audit findings and recommendations.

In the case of recommendations for Low-Level Risk Findings, the auditor consulted with the HHS management team for verbal confirmation of corrective actions taken. Herein, due to the low level of materiality of these findings, it was not deemed necessary to perform testing to verify that corrective action had been taken. For recommendations of Moderate-Risk Findings, the auditor both consulted with the HHS management team verbally and via email, and in some cases performed limited testing to verify the existence of procedures and processes that had been established since the issuance of the original audit report. The results of this fieldwork are outlined in the next section, and detailed below in Exhibit A.

RESULTS

Finding 1: Recordkeeping Deficiencies. *Moderate-Risk Finding.*

Health & Human Services agreed to improve recordkeeping functions, sharing SOPs with and training staff as necessary.

Conclusion: Recommendations for this finding were implemented in part.

Finding 2: Miscellaneous SOP Deficiencies. *Moderate-Risk Finding.*

HHS agreed to update or create appropriate SOPs, as well as provide refresher training to current employees, and initial training to new employees. HHS management also agreed to work with the Utilities Department to determine if they could inform HHS staff when discrepancies occur.

Conclusion: Recommendations for this finding were implemented.

Finding 3: Delinquent Fund Transference. *Moderate-Risk Finding.*

Health & Human Services management confirmed that an internal SOP would be created; current and new staff would be trained appropriately.

Conclusion: Recommendations for this finding are still pending full implementation.

Finding 4: Lack of Access Controls. *Moderate-Risk Finding.*

Health & Human Services management agreed to password protect current and past sign-in sheet database files, and to duplicate, appropriately store, and account for keys to Community Centers.

Conclusion: Recommendations for this finding were implemented.

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Finding 5: Money-Related deficiencies. Moderate-Risk Finding.

Health & Human Services management agreed to address the money-related deficiencies, sending staff to money handling training hosted by the Treasurer's Office on April 2, 2018. Additional moneybags were ordered and distributed to staff. In addition, staff began using the stamp endorsement on money orders (checks; cashier checks) received.

Conclusion: Recommendations for this finding are still pending full implementation.

Finding 6: Waste Disposal Ticket Distribution – Lack of Internal Controls. Low-Risk Finding.

Health & Human Services management agreed to support any Utilities Department design changes for waste disposal tickets.

Conclusion: Management has agreed to implement the recommendations for this finding, and the Utilities Department will adopt the recommendations with their next order of waste disposal tickets.

Finding 7: Standard Operating Procedures - Robbery. Low-Risk Finding.

Health & Human Services management agreed with the recommendation and worked with Risk Management to develop SOPs regarding how to respond to a robbery.

Conclusion: Recommendations for this finding were implemented.

Finding 8: Community Center Operating Deficiencies. Low-Risk Finding.

HHS management agreed to address the operating deficiencies, adding needed language in SOPs, as well as collaborating with the Facilities & Parks department to implement changes.

Conclusion: Recommendations for this finding were implemented.

Finding 9: LDWI Program Procedures Finding. Low-Risk Finding.

Health & Human Services management agreed to address the procedures deficiency, requiring that mail be picked up twice a week, when two people are available. In addition, mail is opened at the front desk in view of other staff.

Conclusion: Recommendations for this finding were implemented.

Finding 10: Limited Surveillance Equipment. Low-Risk Finding.

Health & Human Services management agreed to inquire with both IT and Risk Management to review the placement of the camera and procedures for monitoring and storing the video.

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Conclusion: The IT and Risk Management departments have coordinated their efforts to address the noted deficiency. Thus, recommendations for this finding are pending implementation.

Finding 11: Compliance Officer Safety Procedure Missing. Low-Risk Finding.

Health & Human Services management agreed that specific SOPs related to alerting others in real time if they feel uncomfortable or unsafe while interacting with a client, will be developed and staff will be trained.

Conclusion: Recommendations for this finding were implemented.

Management Letter: Staff Time Management

Health & Human Services management gave directions to applicable staff regarding time management; staff is/are currently in compliance with directions given. A supervisor continues to monitor the situation to ensure adherence to the standard.

Conclusion: Management addressed this situation.

EXHIBIT A

Follow-Up Review Finding #	Recommendations	Management Actions Taken	Auditor's Follow-up	Results
1 Recordkeeping Deficiencies	Provide staff with SOPs and administer training as needed	Administered training and re-training to staff; distributed SOPs to and reviewed SOPs with staff	Minor errors found on LDWI documents; Community Center documentation still inconsistent	Recommendations for this finding were partially implemented
2 Miscellaneous SOP Deficiencies	Establish level of detail necessary to give guidance to staff when performing LDWI duties, and waste disposal ticket distribution.	Provided staff with better direction and specificity; updated SOPs	Reviewed updated SOPs, and confirmed receipt with staff.	Recommendations for this finding were implemented
3 Delinquent Fund Transference	Create internal SOPs that comply with the State Statute; inform Staff of the requirement to deposit money in a timely manner	Created internal SOPs that comply with the State Statute; trained staff as appropriate	Monies are still NOT consistently turned in within the appropriate timeframe	Recommendations for this finding are still pending full implementation
4 Lack of Access Controls	Implement a password protected Participant Sign-in Sheet Database file; ensure alternate/duplicate keys are available if needed	A new password protected sign-in sheet database template was provided; the Program Operations Division was password protected for the existing database as well; a second set of keys to lock boxes, moneybags and other assets are kept in the safe at the government center	Current and past sign-in sheet database files are now password protected, and only authorized staff have access; duplicate keys have been produced and are kept secure	Recommendations for this finding were implemented
5 Money-Related Deficiencies	Develop SOPs that emphasize securing monies;	Staff have begun using restrictive endorsement; Staff	Community Center staff do NOT yet	Recommendations for this finding were partially implemented

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	implement restrictive endorsement	has received money handling training	utilize restrictive endorsement	
6 Waste Disposal Ticket Distribution – Lack of Internal Controls	Provide color coordinated waste disposal tickets	If the Utilities Department chooses to color code or otherwise designate values, HHS will add that to the internal SOPs	The Utilities Department has ordered color-coded waste disposal tickets	Recommendations for this finding were implemented
7 Standard Operation Procedures – Robbery	Distribute SOPs to address the proper responses to a robbery	An SOP was provided to staff and staff received training	Staff confirmed receipt of an SOP	Recommendations for this finding were implemented
8 Community Center Operating Deficiencies	Secure files containing PII; update SOPs; get receipts when money is deposited; provide safer work environment at Community Centers	HHS is working with the Facilities & Parks Department to help ensure proper maintenance of fire extinguishers; SOPs will be updated to address the storing of files; staff are trained to make timely deposits and retain receipts; HHS has coordinated with the Facilities & Parks Department to input Dutch Doors at both of the Community Centers that sell waste disposal tickets as to heighten the level of safety for staff	Fire extinguishers are up-to-date for services; files are now kept secured; staff now receive receipts for all deposits	Recommendations for this finding were implemented
9 LDWI Program Procedures Finding	Provide better accountability for money arriving via mail.	Mail is not picked up if two staff members are not available to open the mail together; mail will be opened at the front desk	Mail is now picked up twice a week, when two people are available; mail is opened at the front desk	Recommendations for this finding were implemented
10 Limited Surveillance Equipment	Provide more thorough surveillance via equipment.	HHS management inquired with both IT and Risk Management to review the placement of the camera and procedures for monitoring and storing the video	The vendor was contacted to adjust the HHS lobby camera so that it would capture the entire lobby	Recommendations for this finding are pending implementation
11 Compliance Officer Safety Procedure Missing	Develop the means for Compliance Officers (COs) to react appropriately to physical security threats.	Specific SOPs related to alerting others in real time if COs feel uncomfortable or unsafe while interacting with a client will be developed and staff will be trained	COs are aware of appropriate actions to take when they feel unsafe while within the vicinity of a client	Recommendations for this finding were implemented

See the HHS Summary of Results (below) for specifics on each finding in the Audit Report.

NOTE: Manager Responses below are written in *italics*.

SUMMARY OF RESULTS FROM THE ORIGINAL AUDIT

1. **Recordkeeping Deficiencies, Moderate-Risk Finding.**

Condition: Necessary details, which would provide a clear audit trail are missing, preventing

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the auditor from tracking monies of waste disposal ticket sales **from** receipt at the Community Centers **to** deposit within the Utilities Department. The auditor later learned that HHS was not given the correct Waste Disposal Ticket SOP by Utilities.

Within the LDWI program, supporting documentation accounting for LDWI transactions were not always completed to current standards.

Recommendation: We recommend that management provide each Community Center, which sells waste disposal tickets with a copy of the correct SOPs from Utilities, and enforce the SOPs that require the use and storage of Daily Sales Reports along with Weekly Deposit Reports.

We also recommend that management periodically conduct a random review/audit of LDWI Deposit Verification documentation to ensure thoroughness.

Management's Response: *HHS management agrees that recordkeeping functions need improvement. In addition to immediate training and re-training of staff, HHS will also update or create SOPs as needed before December 31, 2018. LDWI deposit verification SOPs will be updated and staff will be re-trained before June 30, 2018.*

2. **Miscellaneous SOP Deficiencies, Moderate-Risk Finding.**

- A. **Condition:** Current SOPs, which govern the LDWI program and waste disposal ticket sales, were consistently lacking important guidance and duty-specific details that are necessary to ensure internal controls exist to prevent and/or detect inaccuracies.

Recommendation: We recommend that management (HHS and where applicable, in cooperation with Utilities) establish the level of detail necessary to give clear guidance to staff when performing LDWI duties and waste disposal ticket distribution.

Management's Response: *HHS management agrees that SOPs should be updated and/or created to provide staff with better direction and specificity. HHS management will update or create appropriate SOPs before December 31, 2018 and provide refresher training to current employees and initial training to new employees.*

- B. **Condition:** Interviews with Community Center staff and a review of current operating procedures revealed that there is no written policy to address the handling of returned, non-sufficient funds (NSF) checks.

Recommendation: In the event of NSF checks received, we recommend that HHS develop a means of identifying and flagging constituent accounts upon notification from Utilities and/or the Treasurer's Office of returned, NSF checks.

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Management's Response: *HHS management will work with the Utilities Department to determine if they can inform HHS staff when this happens, if so HHS will work jointly with the Utilities Department to establish SOPs and train staff.*

3. **Delinquent Fund Transference. Moderate-Risk Finding.**

Condition: During testing of waste disposal ticket sales documentation, we found that there were 14 out of 26 weeks wherein money collected was not turned in within the same week collected, from one of the community centers.

Recommendation: We recommend that the management of HHS, in coordination with the management of Utilities, ensure that an SOP reflect the New Mexico State Statute's 5-Day time restriction for remitting public monies.

Management's Response: *HHS management will create internal SOPs that comply with the State Statute before June 30, 2018. Staff have already been made aware of the requirement and will begin making trips that are more frequent to the government center to deposit money.*

4. **Lack of Access Controls. Moderate-Risk Finding.**

A. **Condition:** Both the Community Center Outreach Specialists as well as a number of Health & Human Services staff at the main office utilize spreadsheets located on the shared drive. These spreadsheets contain important data, but are not currently password protected.

Recommendation: We recommend that HHS either password protect documents, or provide read or read/write access to the Class Participant Sign in Sheet, the DWI-20156 FEES COLLECTED spreadsheet, and any other documents as deemed necessary.

Management's Response: *In response to this, the Program Operations Division staff will work with Outreach Division staff to implement a password protected Participant Sign-in Sheet Database file.*

B. **Condition:** At both of the Community Centers and in the Health & Human Services main office, we repeatedly found that one employee often controlled the only set of keys to County assets and on occasion, those keys were not secured.

Recommendation: We recommend that management ensure that an alternate set of keys to County assets exist and/or are stored in an area wherein management has access.

Management's Response: *A combination safe has been ordered and a second set of keys to lock boxes, moneybags and other assets will be kept in the safe at the government center.*

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Before May 30, 2018, HHS will create an inventory of keys, and request duplicated keys as needed. Before June 30, 2018, SOPs will be created to track the keys and allow access when appropriate.

5. **Money-Related Deficiencies. Moderate-Risk Finding.**

Condition: While reviewing money-handling procedures within the LDWI program and at the Community Centers, we noted multiple money-related deficiencies.

Recommendation: We recommend that the current SOPs are updated to include steps for securing public monies at all times while in HHS possession, and include the use of locking money bags during transport. Coordination with the Treasurer's Office (via Utilities when applicable) to acquire stamps which will allow Health & Human Services staff to restrictively endorse money orders, checks, and cashier checks is highly recommended.

Management's Response: *HHS management agrees that these deficiencies exist and will be addressed through the development of SOPs and training before June 30, 2018. Additionally, HHS management will continue to explore options to collect on-line or automatic credit card payments. HHS anticipates implementing an electronic payment system before December 31, 2018.*

6. **Waste Disposal Ticket Distribution – Lack of Internal Controls. Low-Risk Finding.**

Condition: The current criteria requires those who sell waste disposal tickets to indicate on the tickets, the amount of money is selected by the client, as this corresponds directly to the number of punch card slots that will be used by the client.

Recommendation: We recommend that the Utilities Department consider providing color coordinated waste disposal tickets that would in effect greatly limit or eliminate the probability of errors by the ticket issuer.

Management's Response: *HHS management agrees that differentiating the ticket values via colored tickets will help HHS staff more appropriately track ticket sales and improve controls. If the Utilities Department chooses to color code or otherwise designate values, HHS will add that to the internal SOPs.*

Auditor's Comments: A follow up conversation with the Utilities Department management informed the internal auditor that the Utilities Department has determined that it will make the recommended change.

7. **Standard Operation Procedures – Robbery. Low-Risk Finding.**

Condition: Interviews with staff at Community Centers, as well as a review of current operating procedures indicate that there are no procedures in place to instruct Outreach

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Specialists how to respond to a robbery.

Recommendation: While the auditor surmises that the probability of a robbery (non-staff) occurring at Community Centers may be remote, the possible consequences of not responding appropriately to such an incident could be catastrophic to the County.

Management's Response: *HHS management agrees with the recommendation and will work with Risk Management and/or DASO to develop SOPs regarding how to respond to a robbery. An SOP will be completed and staff will be trained before June 30, 2018.*

8. **Community Center Operating Deficiencies. Low-Risk Finding.**

Condition: The following deficiencies in operating procedures were found in at least one or both of the two Community Centers visited – 1) Fire extinguishers past due for servicing, 2) Files left in unsecured area, 3) No requirement to have monies turned-in to Utilities by a prescribed time or date, for fiscal year-end, 4) Occasions wherein no immediate receipt for the turn-in of monies was provided, and 5) No barrier between the ticket seller and a prospective waste disposal ticket purchaser.

Recommendation: We recommend that HHS in coordination with Utilities where applicable, correct the deficiencies outlined above with written guidance via SOP.

Management's Response: *HHS management agrees that there are deficiencies in SOPs and staff training. SOPs will be created and this function will be added during new employee training, along with refresher training provided to current staff. HHS management will also work with the Facilities Department to help ensure proper maintenance and testing of fire extinguishers.*

The staff at the Organ and Radium Springs community centers have requested a Dutch door to create a barrier between them and the public to increase safety when handling cash.

9. **LDWI Program Procedures Finding. Low-Risk Finding.**

Condition: A recommendation from a past consultation suggested that a second person be available during the opening of mail as some LDWI program clients mail-in their payments, without naming a Payee on the money order.

Recommendation: In the absence of a second person, we recommend the mail opener keep a log of monies that arrive via mail, and give a copy of that log to a designated supervisor.

Management's Response: *HHS management agrees and will implement procedures and training requiring two people to open the mail, regardless of vacant positions or absent staff.*

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This procedure will be implemented before April 30, 2018 and SOPs will be updated before June 30, 2018.

10. Limited Surveillance Equipment. *Low-Risk Finding.*

- A. **Condition:** The surveillance equipment (camera) in HHS does not fully capture the actions of the Document Technician closest to the wall, nor has a clear sight picture of the lock box.

Recommendation: We recommend that HHS confer with Upper Management to determine if the currently approved BOCC surveillance budget allows the necessary upgrades to capture Document Technician interactions and directly surveil the lock box.

Management's Response: *HHS management will inquire with both IT and Risk Management once again to review the placement of the camera and procedures for monitoring and storing the video.*

- B. **Condition:** At the Radium Springs Community Center, there is a camera and video surveillance equipment but it is currently not operational.

Recommendation: We recommend that Health & Human Services follow up with IT, resubmitting a work order if necessary, to correct the issue.

Management's Response: *HHS outreach staff have inquired with the Facilities and IT departments on several occasions regarding this equipment. It was recommended that the equipment not be removed because the perception of surveillance equipment may be a deterrent to some people.*

11. Compliance Officer Safety Procedure Missing. *Low-Risk Finding.*

Condition: Interviews with multiple Compliance Officers (COs) as well as feedback gathered from the Division Manager – Court Compliance, revealed that there are currently no written procedures which would allow COs to signal others in the event they feel unsafe due to being in close vicinity with a distressed or increasingly irate client.

Recommendation: We recommend that Health & Human Services management develop (in writing) a means for COs to alert others (preferably covertly) when they have a concern for their immediate safety.

Management's Response: *HHS management agrees, staff safety is of utmost importance. HHS court compliance staff is working with the New Mexico Association of Counties on a statewide program accreditation process. Specific SOPs related to alerting others in real*

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time if they feel uncomfortable or unsafe while interacting with a client will be developed and staff will be trained before June 30, 2018.



14 November 2023

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