



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER 0

PAGE 1 OF 10

DATE: 6/26/2012

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT FOR THE REVIEW OF THE TARRANT COUNTY 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 Tarrant County Department of Human Services.

BACKGROUND:

The Auditor's Office reviewed the internal controls established by the Human Services Department for the 18 months ended March 31, 2012. The Auditor's Office also identified County employees who received assistance and whether they met eligibility requirements. The audit was limited in scope because the Auditor's Office could not rely on the integrity of the information entered into the Human Services client database.

Attached to this report is a written response from the Department of Human Services.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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May 31, 2012

Mr. Gerald R. Smith, Director, Tarrant County Department of Human Services
The Honorable District Judges
The Honorable Commissioners Court
Mr. G. K. Maenius, County Administrator
Tarrant County, Texas

Re: Auditor's Report – Department of Human Services

SUMMARY

In accordance with Local Government Code, Subchapter A, Sections 115.001 *Examination of Records*, and 115.002 *Examination of Books and Reports*, we reviewed the internal controls established by the Human Services Department for the 18 months ended March 31, 2012. We also expanded our review to identify County employees who received assistance and whether they met eligibility requirements. Our audit was limited in scope because we could not rely on the integrity of the information entered into the Human Services client database. For example, we observed instances where Human Services staff entered names into the database that were not the clients' legal names. According to Human Services staff, they wanted to provide confidentiality for these clients since they were current or past County employees. Furthermore, Human Services did not use applicants' social security numbers which made it difficult to identify County employees who received services.

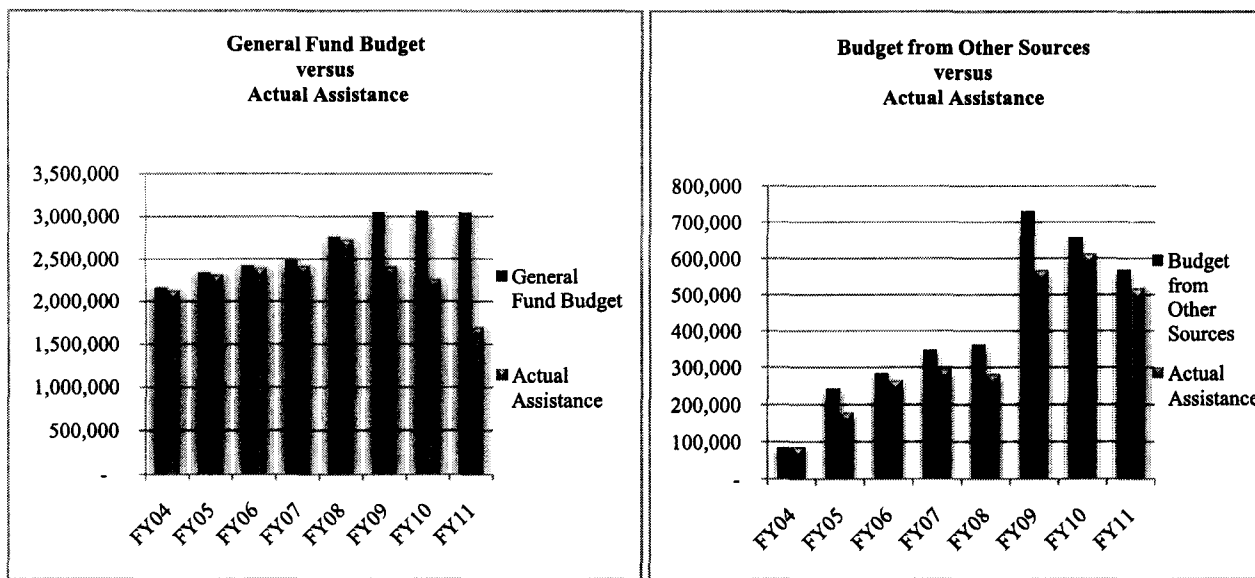
We found the following issues requiring management's attention:

- Observation 1 Two current County employees and one retired County employee received assistance but did not meet eligibility requirements.
- Observation 2 The Human Services Department did not comply with the Tarrant County Boards and Commissions Guidelines.
- Observation 3 The *Year End Head of Household Demographics Report* developed by Information Technology is not reliable.

We discussed these observations and recommendations with the Director of Tarrant County Human Services. Attached is a written response from the Director.

BACKGROUND

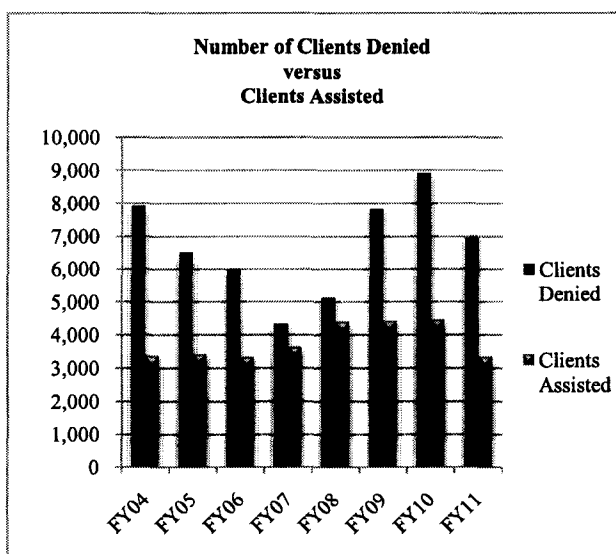
The objective of Human Services is “to provide Tarrant County residents with temporary financial assistance that moves households toward self-sufficiency and the ability to avoid future economic crisis.” Assistance provided to clients has steadily declined over the last several years. Graph 1 shows that although the general fund budget remained constant over the last three years, actual assistance provided to clients has declined. Graph 2 shows that the budget from other sources has declined over the last three years.



GRAPH 1

GRAPH 2

Human Services approved about 34% 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.



GRAPH 3

During the budget process, the Commissioner Court approves and adopts a budget for the Human Services Department. 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.

OBSERVATIONS AND RECOMMENDATIONS

Observation 1 – Two current County employees and one retired County employee received assistance but did not meet eligibility requirements.

Background

Local Government Code, Subtitle B, Chapter 81.027 states that Commissioners Courts may provide support to paupers who are residents of the county. Support is defined as provisions for the health and general welfare, including food, clothing, and shelter for the under-resourced residents of Tarrant County.

The Director of Human Services establishes the eligibility requirements for persons requesting assistance. The Caseworker's Policy and Procedures Manual defines those eligibility requirements, along with various other policies and procedures. The policy also states that the eligibility of a Tarrant County employee is determined by the same criteria as any other person who may request assistance with the director's approval.

Observation

During our review, we identified 170 current or past employees who received assistance from Human Services. Of the 170 employees, only 28 were assisted while employed by Tarrant County. We found three County employees who received assistance but did not meet eligibility requirements as outlined in policies and procedures. This condition occurred because current policies and procedures used to determine eligibility requirements, including income and residency requirements, were not adequate and had not been updated since April 2006. Also, documented procedures granted considerable discretionary authority to the director of the department by use of special "director's memorandums."

Executive management was aware of and approved assistance for two of the County employees as described in items 1 and 2 below. Furthermore, staff indicated that executive management requested that services be provided to the current Human Services employee. Executive management was not aware of the third County employee described in item 3 below.

1. In March 2012, housing and utility assistance totaling \$2,064 was provided to a current Human Services employee who had been off work without pay under the Family Medical Leave Act. In order to protect the employee's identity, staff entered the employee's deceased husband's name into the client database. Furthermore, the eligibility criteria used was "Life Threatening Illness" and requires verification from a physician. At the time of our review, the caseworker had not obtained a physician's verification.

During the week of May 17, 2012, Human Services management contacted the Auditor's Office stating that they had heard this employee also received a monthly benefit from her deceased husband's County pension. Management specifically asked the employee whether she was receiving death benefits, and the employee stated that she received about \$1,000 monthly. The employee did not include this amount as income on the Datasheet form. Furthermore, she signed the form affirming that the information provided is true and correct to the best of her knowledge. ***With the additional income, the employee did not meet the income requirements for the assistance provided totaling \$2,064.***

2. In January 2007, Human Services approved and paid for the cremation of a prior County employee who retired in 2001. According to the Certificate of Death, the date of death was December 2006, and the place of death was an assisted living residence in Travis County. According to the deed records filed in the Tarrant County Clerk's Office, the deceased employee's permanent Tarrant County address changed ownership in January 2004.
3. On February 22, 2007, Human Services approved utility assistance to another County employee in the amount of \$1,735 to pay for household electric, water, and gas during the months of March, April, and May 2007. This employee began County employment on February 20, 2007, two days *before* requesting assistance, as a temporary project employee with an annual salary of \$52,000. According to the Application for Special Utility Assistance, the individual reported income totaling \$623 from Social Security Disability during the prior 30 days. The application did not include employment information. Although, this employee *may* have qualified for assistance for the month of March, he would not have qualified for April and May assistance based on his County income and the number of family members in the household. ***Therefore, the employee did not meet the income requirements for assistance provided in April and May totaling \$885.***

Recommendation

The Director of Human Services should update documented policies and procedures to include specific income and residency requirements in order to receive housing, food, utility, and burial assistance. The "director's memorandums" used to justify actions not allowed by documented policies and procedures should be eliminated. If an applicant has an unusual circumstance that the policy does not address, the Director should obtain approval by the County Administrator's Office before approving the client's eligibility. Eligibility for assistance should be clearly defined in documented policies and procedures and should be determined equally and fairly for *all* applicants, whether the applicant is a County employee or not.

Eligibility should be documented in the case files and include the following, at a minimum:

- The applicant's *legal name* should be verified by reviewing a government-issued photo ID. Only the applicant's legal name should be recorded in the case files and the client database.
- County residency should be verified by obtaining a copy of a government-issued ID, a voter registration card, property tax statements, a utility bill in the applicant's name, or a combination of these items.

- Income should be verified by obtaining copies of the applicant's bank statements and/or recent payroll advices. Management should also research the cost-benefit of third party vendors for income (and employment) verification services.
- All applications should request the applicant's current employer, if any, and the term of employment. Management should also implement procedures to determine whether the applicant is a County employee. Management should coordinate with the PBSC for available reports.
- All applications should include a release of information for Human Services to receive any information necessary to verify information related to the client's application.

All services provided to current or past County employees should be approved by the County Administrator's Office.

Observation 2 – The Human Services Department did not comply with the Tarrant County Boards and Commissions Guidelines.

Background

The Tarrant County Boards and Commissions Guidelines state, "All Boards and Commissions shall provide copies of all meeting notices and minutes and all committee reports to the County Administrator." Furthermore, all boards and commissions should 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 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 Human Services Department in developing goals to meet the needs of the community.

Observation

Minutes of the Human Services Advisory Committee (Committee) meetings that occurred during the audit period do not exist. Furthermore, the Committee has not prepared and provided a comprehensive annual report of its activities to Commissioners Court since April 2007. As stated in the Observation 1, above, the Caseworker's Policy and Procedures Manual allows the Director of Human Services to deviate from documented eligibility requirements with a special "director's memorandum." We could not verify the Committee's or the County Administrator's oversight and approval of departmental processes and procedures, including eligibility requirements and changes made via the director's memorandums.

Recommendation

The Director of Human Services should comply with the Tarrant County Boards and Commissions Guidelines. Specifically, minutes of the Committee meetings should be provided to the County Administrator. Any changes to eligibility requirements should be approved by the Committee and/or the County Administrator and documented accordingly. Furthermore, a comprehensive annual report of the Committee's current activities and mission statement, future plans, and information concerning public participation should be provided to the Commissioners Court by March 1 of the subsequent year.

Observation 3 – The Year End Head of Household Demographics Report developed by Information Technology is not reliable.

Observation

The Human Services Department relies on reports developed by Tarrant County Information Technology Department (IT). The reports are based on queries designed to extract information from the Human Services client database. During our review, we observed that the report used to determine the number of clients assisted did not include some clients who were approved by Human Services to receive assistance. We specifically identified 29 clients who were not included on the report.

We reported this issue to IT on November 18, 2011. IT made corrections to the query, which is currently being tested by Human Services staff. *No further action is required.*

CLOSING REMARKS

We appreciate the responsiveness and cooperation of the Human Services Department during our review. Please call me if you have any questions regarding the contents of this report.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

Attachment: Management's Response dated June 15, 2012

Audit Team: Kim Trussell, Audit Manager
Susan Black, Senior Internal Auditor
Lauren McComic, Internal Auditor

Distribution: Mary Lou Almendarez, Assistant Director, Human Services
Aldon Banwart, Manager of Financial & Systems, Human Services
Patricia Peyton, Supervisor, Human Services
Larry Duane, Manager, Production Applications, Information Technology

TO: S. Renee Tidwell, CPA County Auditor

From: Gerald R. Smith, JD/MPA /s/ Director of Human Services

Date: June 15, 2012

Re: Tarrant County Human Services Response to Auditor's Team Report dated May 31, 2012

Dear Ms. Tidwell and others comprising the Audit Team:

Please accept these comments as the Management Response to your Audit Report covering activities within the Human Services Department.

Response to SUMMARY

Your Report includes the phrase that, "... we could not rely on the integrity of the information entered into the Human Services client database". I acknowledge that this statement was caused by, at least in part, by our Department's use of an applicant's married or maiden name(s). We agree with your group's recommendation that this practice should be discontinued and hope that this pledge, along with the other assurances that are made in the remainder of this *Response Report*, serves to strengthen your faith in the Human Services client information database and Department operations overall.

OBSERVATIONS and RECOMMENDATIONS

OBSERVATION 1

The citation of three cases where Tarrant County employees were improperly served come from the Audit Team's review of thirty cases that were identified as former or current Tarrant County employees within a service period of some 9 years of Human Services operations. These were identified from among an overall 74,000 served households during these years.

Your recommendation is a good one on review of applications from current or former Tarrant County employees in coordination with the Administrator's Office I agree with this recommendation. These procedures are already in place with staff from the Administrator's Office. Procedures have even been tested in one case after our Department's initial receipt of the Audit Team's recommendations.

CASE #1

In this case, possible approval of assistance was methodically considered through every one of the Human Services Department's different Assistance Categories including, but not limited to, Category "I" – "Life Threatening Illness". There are thirteen possible assistance categories that we have utilized in FY 2012. At the end of the analysis of this particular case - on March 21, 2012 - services were approved within Category "P" – "Partnerships", with all appropriate back-up documentation as it existed at the time of the final decision filed within the file folder. The service date for these Category "P" assistance benefits lies within the Audit Group's stated review period. This applicant household was determined eligible for assistance at the point of service approval. The family has signed a Promissory Note contracting to repay the assistance amounts as a result of the discovery of the additional income.

Case #2

The decedent in this case maintained a permanent residence in Arlington, staying with one of her two sons, at the time her health began to fail. She had previously owned and resided in a private residence, referenced by the Report, that was foreclosed on in 2004. She passed away, however, while staying at what the family hoped would be a temporary placement at an assisted living facility in Travis County because of family caretaker needs. After her death, the decedent was transported to Tarrant County at no expense to the county and buried as a Tarrant County resident for the approved cost of \$330, according to department procedures in use in 2007.

Tarrant County Human Services Response to Auditor's Team Report dated May 31, 2012; page 2.

CASE #3

This case was identified as a result of the Audit Team's expanded review of all current and former Tarrant County employees over a nine year period. Human Services staff will review the file upon release of a copy of the case file by the Audit Group. If facts as described in the Audit Report are substantiated by Tarrant County Human Services staff, TCDHS will prepare correspondence to the recipient of the reported assistance. This correspondence will serve to put the prior applicant on notice that the previously approved assistance is under review.

TCDHS will refer this case over to the Administrator's Office for further joint review and possible follow up action. If misrepresentation in reporting of income is substantiated, TCDHS will request full reimbursement of any improperly obtained assistance.

RECOMMENDATION [to Observation #1]

Human Services staff are in the process of updating the Tarrant County Human Services *Policy and Procedures Manual* to incorporate many of the Audit Team's recommendations. Such proposed *Policy* changes will be presented to the Administrator's Office, the Auditor's Office, and, to staff within the District Attorney's Office for review and comment prior to possible submission of policy changes to the Commissioners Court.

RESPONSE to Comments on MINIMUM ELIGIBILITY DOCUMENTATION recommendations:

Tarrant County Human Services currently seeks to document the applicant's legal name, county residency and employment information; as well as to secure an informed, signed Consent Form allowing for the sharing and receipt of information among a number of impacted parties. Our incorporating the Audit Team's recommendations into our *Policy and Procedures Manual*, as well as into our Intake and assessment procedures, will serve to strengthen the department's efforts in these areas.

The Audit Team's recommendations are also welcomed and will be pursued by Tarrant County Human Services staff for efforts to assess and implement enhanced means of verifying all income sources. These efforts will focus on verification at the onset of services as well when assistance is considered in additional service periods.

As reported above, in cases of requests for services from Tarrant County employees, review procedures with the Administrator's Office are already in place and have been tested as described by the Audit Team's recommendations.

OBSERVATION 2

An *Annual Report* for the 2011-2012 Human Services Advisory Committee Membership Year has been approved by the Tarrant County Commissioners Court which includes accomplishments, meeting minutes and member year 2012-2013 objectives. An Attendance Report for the six-month meeting period January – June, 2012 has been submitted to the Administrator's Office. Although review and discussion of departmental policy, processes and procedures are routinely sought from the Advisory Committee in their quarterly meetings, their approval and/or review are not a requirement for the implementation of changes to the Tarrant County Human Services *Policies and Procedures Manual*.

Member attendance reports, meeting minutes, notices and *Annual Reports* shall be filed in accord with the Tarrant County Commissioners Court "*Boards & Commissions Guidelines*" policy in the future.

OBSERVATION 3

Work on this project has been completed and released by the Information Technologies Department for this end-of-year query of the Tarrant County Human Services database. This query has been tested with mid-year data by Human Services and work continues to provide an accurate format for the FY 2012 End-of-Year Head of Household(s) Report.

CLOSING REMARKS

We appreciate the opportunity to improve our assistance services to the low-income population of Tarrant County, and, the joint partnership our two Departments have forged toward enhancing of the accountability of our services activities for our common customer – all Tarrant County residents.