

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

COMMUNITY SERVICES DEPARTMENT
BENEFITS SECTION AUDIT

A U D I T R E P O R T

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A U D I T R E P O R T

The Internal Audit Department conducted a financial, compliance, and operational audit of the Community Services Department's Benefit Section for the audit period May 1, 2005 through June 30, 2007. The audit was performed in accordance with *Generally Accepted Governmental Auditing Standards* issued by the Comptroller General of the United States; and the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

BACKGROUND:

The Community Services Department provides resources and programs designed to assist the young, disabled, elderly, and economically/socially/transportation disadvantaged populations in meeting the most basic of human needs. The Department's Human Services Division administers human services programs including eligibility determination for assistance. Within that division, the Benefits Section provides assistance with, and determines eligibility of low income residents by reviewing income, assets, and residency for the following programs:

- Prescriptions
- Health Care Responsibility Act
- Blake Hospital Indigent Care Program
- Individual Fee Assistance
- Special Assessment Hardship Program
- Indigent Burial Program
- We Care Program

In addition, the Benefits Section administers a Summer Food Service Program funded, in part, through a grant received from the Department of Education.

PURPOSE/OBJECTIVES:

The main audit purpose/objectives included, but were not limited to, the following:

- To verify expenditures are properly documented, approved, recorded and reported.
- To verify an adequate system of internal control exists to safeguard assets, maintain the integrity of reports on operations, and provide adequate evaluation of the Benefits Section's objectives and responsibilities.
- To verify compliance with laws and regulations, including Florida Statutes, policies and procedures, and signed agreements or contracts.
- To evaluate overall operational efficiency and effectiveness.

SCOPE:

The scope of the audit included reviewing the overall adequacy of the Benefits Section's internal controls and the operational efficiency and effectiveness by examining and testing financial and operational records and compliance to the state and county laws for the period ending June 30, 2007.

METHODOLOGY:

Internal control evaluations were accomplished by flowcharting processes, reviewing key operations of this specified area through discussions with management and staff, observations, and analytical and substantive testing of individual internal controls. Risk analysis was used to establish priorities of audit objectives.

IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:

No instances were discovered during the audit that indicated any irregularities, abuse, or illegal acts were committed by Benefits Section employees.

TEST OF COMPLIANCE:

Internal Audit tested compliance with certain laws and regulations, obtained an understanding of internal controls and assessed control risk. Tests performed were limited to the specific areas included in the Purpose/Objective section of this report and appeared to provide sufficient evidence to support an opinion on compliance and internal controls for the areas tested. Except as noted in our audit report, tested items were in compliance with regulations and other policies established by the Benefits Section.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

In planning and performing the audit of the Community Services Department Benefits Section for the twenty-six months ended June 30, 2007, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. As a result, we noted in the audit report matters involving the internal control structure and its operations that are considered reportable conditions under standards established by the U.S. General Accountability Office, *Government Auditing Standards*. Reportable conditions involve matters relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with management's intentions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, as defined above. In addition, because of the inherent limitations in any internal control structure, deficiencies in the design or operation of the internal control structure may exist and not be detected. We believe the conditions identified in our audit report may constitute reportable conditions as previously defined.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be given for each Area for Improvement. Management Action Plans are corrective actions with implementation dates developed in cooperation with the Community Services Department Benefits Section's management team and the Internal Audit Department. The management team included Fred Loveland, Community Services Department Director and Gladys Rumph, Benefits Section Client Services Coordinator.

MANAGEMENT SUMMARY:

In the original audit issued on December 21, 1995, Internal Audit noted an opportunity for improvement that related to the lack of authority and approval by the Board of County Commissioners for several of the benefits programs administered by the Community Services Benefits Section. The County Attorney's Office continues to work on formalizing such legislation. While the majority of the programs now appear to have proper authorization in the form of approved contracts and agreements by the Board of County Commissioners, management continues to pursue an Ordinance that will provide a clear source of lawful authority for the expenditure of public funds and to establish, conduct, and monitor certain programs, as recognized by policies, resolutions, or contracts. We support this process and anticipate that such legislation will be passed within the next month.

The Community Services Department Benefits Section continues to be managed by highly trained and dedicated individuals whose priority is to provide quality service to the young, disabled, elderly, and economically/socially disadvantaged citizens of Manatee County. The Benefits Section also continues to rely on a manual, paperwork-intensive process for administering their responsibilities for the programs. Nonetheless, considering the number of applications that are processed, the Benefits Section performs their responsibilities in a professional and efficient manner. The audit identified several areas where improvements can be made. These improvements and management action plans include:

- Program guidelines relating to eligibility and benefits for the Blake Hospital Indigent Care, Fee Assistance, and Prescription Benefits programs were not always consistently applied. These guidelines identify the types of documentation which are required to be submitted by applicants in order to participate. While all of the instances noted in the audit were minor documentation exceptions, consistency in the documentation requirements can be improved. The Management Team through the Management Action Plan will train staff and establish procedures for the documentation of variances to requirements and improve their periodic quality control review of participants' files.

(See Area for Improvement #1 at page 6.)

- The Benefits Section Policy and Procedures manual has not been updated to reflect current programs, guidelines, and procedures. The Management Team through the Management Action Plan will review, correct, and update the Benefits Section Policy and Procedures manual to conform to current practices and serve as a guideline for all employees.

(See Area for Improvement #2 at page 7.)

The findings listed in this report were discussed with Fred Loveland, Community Services Department Director. Other minor findings noted during the audit were discussed and/or corrected during the audit, and were not included in this report. We would like to thank the Benefits Section's management and staff for the cooperation and courtesy afforded to our auditors throughout the audit. We appreciate the efforts and timeliness in addressing the issues raised during the audit and aggressively seeking solutions to these matters. We look forward to the continued effort on monitoring controls and maintaining accountability over all of their operations.

AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:

Richard J. Orienti, CIA, CFE
Director of Internal Audit

R. B. "Chips" Shore
Clerk of the Circuit Court & Comptroller

AREA FOR IMPROVEMENT #1.....

Program guidelines relating to eligibility and benefits for the Blake Hospital Indigent Care, Fee Assistance, and Prescription Benefits programs were not always consistently applied. These guidelines identify the types of documentation which are required to be submitted by applicants to support the information provided on the applications, as well as various documents/forms which must be completed in order to participate. Guidelines for the various programs administered by the Benefits Section can be found in Florida Statutes, Florida Administrative Code, Ordinances, Resolutions, the Benefits Section Policy and Procedures manual, and agreements with providers. In addition, the guidelines also provide requirements to participate in the programs, including income and asset limits, and requirements that participants be residents of Manatee County. While all of the instances noted in the audit were minor documentation exceptions, consistency in the documentation requirements can be improved by management documenting any variances to the established guidelines. In addition, improving the quality control review of participants' files will ensure that staff is applying the documentation requirements consistently for each of the programs administered by the Benefits Section.

Management Action Plan

Management is in the process of reviewing and discussing all of these minor documentation exceptions identified in the audit with staff and service providers to ensure compliance with all rules, guidelines, and procedures and to determine the training needs of staff. Internal procedures will also be evaluated to include the documentation of variances and improving the periodic quality control review of participants' files by Management. Management anticipates completion within 6 months.

AREA FOR IMPROVEMENT #2.....

The Benefits Section Policy and Procedures manual has not been updated to reflect current programs, guidelines, and procedures. The audit identified the following areas where improvements are recommended:

- Verify eligibility rules for the Blake Hospital Indigent Care are consistent with current practices;
- Verify eligibility rules for the Prescription Benefits Programs are consistent with current practice;
- Verify that the Indigent Burial procedures for notifying the State's Anatomical Board are consistent with Florida Statutes;
- Ensure procedures for programs that are not in effect are removed from the manual;
- Verify that exhibits which are referenced in the manual are included; and
- Verify program forms are updated with the most current versions and ensure the removal of forms from old and outdated programs.

Management Action Plan

Management is currently reviewing, correcting, and updating the Benefits Section Policy and Procedures manual, and anticipates completion within 6 months.

Manatee County Clerk of the Circuit Court
Internal Audit Department
Benefits Section Audit
June 30, 2007

MEMORANDUM

TO: Fred Loveland, Community Services Director

FROM: R. B. "Chips" Shore, Clerk of the Circuit Court, County Comptroller and Auditor

DATE: April 15, 2008

RE: Benefits Section Audit Report

Enclosed is the Internal Audit Report for the Benefits Section as of June 30, 2007. I wish to thank you and your staff for your courteous and professional cooperation with our Internal Auditors throughout the audit. If you have any further questions regarding this report, please feel free to contact Richard Orienti at 708-6001, extension 246.

RBS/RJO/MDB

Enclosures