



# **Department of Public Health Fees Follow-Up Audit Report**

Issued by the  
Internal Audit Office  
July 12, 2011

**City of El Paso  
Internal Audit Office  
Department of Public Health Fees Follow-Up Audit**

---

***EXECUTIVE SUMMARY***

The Internal Audit Office has concluded its fieldwork of the Follow-Up Audit of the Department of Public Health Fees Audit Report dated October 1, 2009. Based on the follow-up audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

Finding No.	Description of Findings	Status
1	Lack of “program specific” Policies and Procedures to ensure proper cash handling procedures are followed.	Implemented
2	A tracking system is not used to keep track of uncollected revenue.	Implemented
3	Discounted fees are charged but have not been approved by City Council either by Ordinance or Resolution.	Implemented
4	Reconciliations of revenue and deposits are not conducted.	Implemented
5	There is a lack of an income verification process at the TB Clinic and the STD Clinic.	Implemented
6	The Dental Clinic, the TB Clinic, & the Animal Services Division are incorrectly using their change funds.	Management Will Assume the Risk

Based on the results of this Follow-Up Audit, we have determined that (5) five of the six original findings have been implemented, and (1) one management will assume the risk of not fully implementing corrective actions.

For a detailed explanation of the findings and current observations please refer to the appropriate finding contained in the body of this Audit Report.

**City of El Paso  
Internal Audit Office  
Department of Public Health Fees Follow-Up Audit**

---

***BACKGROUND***

The *Generally Accepted Government Auditing Standards*, Standard 4.09 and 6.09, and the *International Standards for the Professional Practice of Internal Auditing*, Standard 2500.A1, require a post audit follow-up on all audit recommendations made in order to ascertain that appropriate corrective action is taken to address reported audit findings. The Internal Audit Office has conducted a follow-up audit of the *Department of Public Health Fees Audit* dated October 1, 2009.

***AUDIT OBJECTIVES***

The audit objective was to determine the status of recommendations detailed in the original audit report which contained six (6) findings requiring follow-up.

***AUDIT SCOPE***

The Follow-Up Audit was limited to a review of the six (6) findings and related recommendations of the original audit report titled “*Department of Public Health Fees Audit*” dated October 1, 2009.

***AUDIT METHODOLOGY***

To achieve our audit objectives we:

- Conducted interviews of Department of Public Health Management,
- Reviewed internal Policies and Procedures, Manuals,
- Reviewed the Fiscal Year 2011 City of El Paso Schedule C Departmental Fee List, and
- Conducted site visits.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This audit was also conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

**City of El Paso  
Internal Audit Office  
Department of Public Health Fees Follow-Up Audit**

---

***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

**Original Finding 1**

**Cash Handling and Receipting Policies and Procedures**

The following table summarizes the Divisions/Locations with Policies and Procedures.

**Policies and Procedures in Place**

<b>Location/Division</b>	<b>Yes</b>	<b>No</b>	<b>In Draft Form</b>
Dental Clinic	-	-	X
Animal Services	-	-	X
Immunization Clinic	-	X	-
TB Clinic	-	X	-
STD Clinic	-	X	-
Food Program	X	-	-

**Recommendation**

The Department of Public Health’s management should document, approve, and disseminate to staff “program specific” Policies and Procedures to ensure proper cash handling procedures are followed. The Policies and Procedures should also be in agreement with the current City of El Paso’s Cash Management Manual issued May 2009.

**City of El Paso  
Internal Audit Office  
Department of Public Health Fees Follow-Up Audit**

---

**Management's Response**

The Department will put in place the City of El Paso's cash handling policies and procedures as detailed in the City of El Paso's Cash Management Manual amended in May 2009.

**Responsible Party**

Carlos Campos: Administrative Services Manager  
Angela Mora: Deputy Director Clinical Services  
Ed de Castro: Deputy Director Animal Services

**Implementation Date**

March 1, 2010

**Current Observation**

The Dental Clinic, Animal Services, Immunization Clinics, TB Clinic, and STD Clinic have documented and approved program specific Policies and Procedures. According to the Administrative Services Manager, "Program Specific" Policies and Procedures were emailed to all staff. During interviews of employees at the Animal Services, Dental Clinic, and TB Clinic, we confirmed with employees that they received/reviewed Policies and Procedures on Cash Handling and Receipting. The Policies and Procedures are in accordance with the City of El Paso's Cash Management Manual with the exception of access to safes.

According to the City of El Paso Cash Management Manual, Section 5.2: "Access to all safes should be limited to no more than three individuals."

- The Dental Clinic procedures list 5 individuals that have access to the "vault".
- The TB and STD Clinic procedures list 4 individuals that have access to the safe.

Management is assuming the risk of allowing more than 3 individuals to have access to safes and vaults, management should re-evaluate its need to have 3 individuals to have access to safes and vaults.

**Status**

Implemented

**City of El Paso  
Internal Audit Office  
Department of Public Health Fees Follow-Up Audit**

**Finding 2**

**Uncollected Revenue/Accounts Receivable**

The following is a summary of uncollected revenue.

Exceptions	Ysleta Immunization Clinic	TB Clinic	STD Clinic
Period Tested	7/1/09 to 7/15/09	3/2/09 to 3/31/09	7/1/09 to 7/31/09
# of Instances	103	144	38
Amount Outstanding	\$1,100.00	\$1,387.00	\$482.00

- The Ysleta Immunization Clinic does not have a tracking system in place to quantify uncollected revenue.
- The TB Clinic and the STD Clinic maintain patient's payment history which can be used to determine uncollected revenue. Collection efforts are limited to a verbal reminder at the next appointment.
- The STD Clinic is double posting patient's charges on their records, which is leaving an outstanding balance on the patient's payment history.

**Recommendation**

The Department of Public Health's management should develop a tracking system for uncollected revenue and implement a billing or collection process for these outstanding accounts.

**Management's Response**

The Department of Public Health is in the process of purchasing a Department of Public Health Data management software from Advanced Business Solutions (ABS). This software will give the Department the ability to track uncollected revenue through an accounts receivable program and bill the patients on a monthly basis.

**Responsible Party**

Carlos Campos: Administrative Services Manager

**Implementation Date**

June 1, 2010

**Current Observation**

A new system called Advanced Business Systems (ABS) is in the third year of a five year implementation process. The TB and STD Clinics have implemented ABS and are able to generate Aged Trial Balances. The Immunization Clinics are in the process of implementing ABS. The billing or collection process has not begun. Five additional PCs were ordered to connect the Lab to ABS. The expected date of implementation is September 1, 2011. The Internal Audit Office will continue to monitor this process.

**Status**

Implemented

**Finding 3**

**Discounted Fees**

- Discounted Fees are being charged and collected at the Dental Clinic, the TB Clinic, and the STD Clinic. These fees have not been approved by City Council either by Ordinance or Resolution and are not listed on the Fiscal Year 2009 Budget Resolution – Schedule C Fee List.
- The STD Clinic created and is charging fees that are not listed on the Fiscal Year 2009 Budget Resolution – Schedule C Fee List.
  - Liquid Nitrogen - \$15.00
  - Charge for Prescriptions - \$5.00

**Recommendation**

The Department of Public Health’s Discounted Fees should be reviewed and brought forward for City Council approval either by Ordinance or Resolution.

**Management’s Response**

The Department will update the Schedule C and ensure that a uniform criterion is set that will all the programs to charge a discounted fee based on income levels.

**Responsible Party**

Carlos Campos: Administrative Services manager  
Angela Mora: Deputy Director Clinical Services  
Clyde Goodbar: Medical Billing Supervisor

**Implementation Date**

September 01, 2010. Fee schedule is updated during Budget Process

**Current Observation**

Per Municipal Code 9.02.040 – Fees – Clinics and Laboratories of the Department of Public Health is authorized to adjust fees for services based on the Federal Poverty Income Guidelines. A statement regarding the use of a Sliding Fee Scale at the TB and STD Clinics was incorporated into the City of El Paso Schedule C Departmental Fee List for Fiscal Year 2011. The fees charged by the STD Clinic for Liquid Nitrogen and Prescriptions have been included in the City of El Paso Schedule C Departmental Fee List for Fiscal Year 2011.

The Fiscal Year 2011 Schedule C does not address the use of a sliding fee scale at the Dental Clinic. On June 28, 2011, the Department of Public Health submitted a request to the City Attorney’s Office to include the use of a sliding fee scale in Schedule C for Fiscal Year 2011-2012.

**Status**

Implemented

**Finding 4**

**Lack of Reconciliations of Revenue and Deposits**

Reconciliations of revenue and deposits are not conducted by the Accounting/Payroll Specialist at the main Administrative Office. Deposits are not being reconciled to Revenue Reports created at the clinics.

**Recommendation**

The Department of Public Health's Accounting/Payroll Specialist should reconcile deposits to the Revenue Reports created at the clinics.

**Management's Response**

The Department of Public Health is in the process of purchasing a Department of Public Health Data management software from Advanced Business Solutions (ABS). This software will give the Programs the ability to generate revenue reports that will be verified once by the Clinic Manager and then again by the AP Specialist in the main Administrative Office.

**Responsible Party**

Carlos Campos: Administrative Services manager  
Angela Mora: Deputy Director Clinical Services  
Ed de Castro: Deputy Director Animal Services  
David Sublasky: Code Compliance Manager  
Clyde Goodbar: Medical Billing Supervisor

**Implementation Date**

June 1, 2010

**Current Observation**

A process of reconciling revenue and deposits is now in place for the Department of Public Health Clinics. The Medical Billing Supervisor reconciles the revenue reports to the deposit slips for each clinic on a daily basis.

**Status**

Implemented

**Finding 5**

**Lack of Income Verification**

There is a lack of an income verification process at the TB Clinic and the STD Clinic. The TB Clinic and STD Clinic require patients to complete a form listing the patient's monthly income and number of dependents which is not verified.

**Recommendation**

The Department of Public Health's management should develop and implement a process to verify income.

**Management's Response**

The Department of Health will develop and implement a policy for patient income verification. All clinics that offer a discount based on income and grant requirements will be required to follow the guidelines in the policy and random audits will be done on a monthly basis to check for compliance by clinics.

**Responsible Party**

Carlos Campos: Administrative Service Manager  
Angela Mora: Deputy Director Clinical Services  
Clyde Goodbar: Medical Billing Supervisor  
Marie Villa: Nurse Manager TB Clinic  
Robin Ricart: Nurse Manager STD Clinic  
Robert Taylor: Office Manager Dental Clinic  
Roxann Parks: Nurse Manager Immunizations

**Implementation Date**

March 1, 2010

**Current Observation**

- Income verification procedures have been documented and been implemented at the STD Clinic as of June 20, 2011. These procedures do not include the process to take when a patient does not provide proof of income but patient notices posted at the clinic state if proof of income is not provided a fee of \$55.00 will be charged.
- Income verification procedures have been documented and been implemented at the TB Clinic as of July 1, 2011.

**Status**

Implemented

**Finding 6**

**Incorrectly Using Change Funds**

The Dental Clinic, the TB Clinic, & the Animal Services Division are incorrectly using their change funds.

- The Dental Clinic was issued \$40.00 and the TB Clinic was issued \$25.00. Both clinics use the prior day's revenue to supplement their change fund.
- The Animal Services Division use prior day's revenue as a change fund. The Animal Services Division has never been issued a change fund.

**Recommendation**

- The Dental Clinic and TB Clinic should not use prior day's revenue as an additional change fund. The change fund should be increased by following proper guidelines as stated in the City of El Paso's Petty Cash Manual Section 6.
- The Animal Services Division should not use prior day's revenue as a change fund. A change fund should be requested by following the guidelines stated in the City of El Paso's Petty Cash Manual Section 5.

**City of El Paso  
Internal Audit Office  
Department of Public Health Fees Follow-Up Audit**

---

**Management's Response**

A change fund in the amount of \$100.00 will be requested for both the Dental Clinic and the Animal Services Division from City Treasury so that they have cash on hand to give change to customers. They will also receive training on the City of El Paso cash handling guidelines.

**Responsible Party**

Carlos Campos: Administrative Services Manager  
Angela Mora: Deputy Director Clinical Services  
Ed de Castro: Deputy Director Animal Services  
Robert Taylor: Office Manager Dental Clinic

**Implementation Date**

March 1, 2010

**Current Observation**

- The Dental Clinic and TB Clinic are no longer using the prior day's revenue as an additional change fund.
- Animal Services received a change fund of \$100.00 but is still using the prior day's revenue as a change fund instead of properly using the change fund to make change. The change fund is kept in tack by the cashier at all times in the safe.
- Animal Services will be transferred to the Environmental Services Department effective September 1, 2011.

**Status**

Not Implemented, Management will assume the risk of not implementing Section 4.7 of the Petty Cash Manual which states "Change funds shall only be used to fund cashier's drawers and provide change."

**City of El Paso  
Internal Audit Office  
Department of Public Health Fees Follow-Up Audit**

---

***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

***CONCLUSION***

Based on the results of this Audit, we have concluded work on the audit objectives of the Department of Public Health Fees Follow-Up Audit. This is a first follow-up audit conducted on the original audit report dated October 1, 2009. The results of this Follow-Up Audit indicate that five (5) of the original findings have been implemented, and one (1) management will assume the risk of not implementing corrective action.

We wish to thank the Department of Public Health management and staff for their assistance and courtesies throughout this audit.

\_\_\_\_\_  
*Signature on File*  
Edmundo S. Calderon, CIA, CGAP, MBA  
Chief Internal Auditor

\_\_\_\_\_  
*Signature on File*  
Kristina Aguilar  
Auditor

**Distribution:**

Legislative Review Committee – Finance, Internal Audit, Engineering/CIP & Management Services  
Joyce A. Wilson, City Manager  
William F. Studer Jr., Deputy City Manager  
David Almonte, Deputy City Manager  
Michael Hill, Director, Department of Public Health