

Audit Highlights



Highlights of Legislative Auditor report on the Department of Health and Human Services, Director's Office, issued on May 16, 2006. Report # LA06-16.

Background

The Department of Health and Human Services' mission is to promote the health and well-being of Nevadans through services to ensure families are strengthened, public health is protected, and individuals achieve their highest level of self-sufficiency.

The Director's Office is responsible for the management and administration of the human services programs. Additional activities include coordination of departmental programs, planning, budgetary management, and personnel assistance. The Office also provides administrative support to the Public Defender's Office and the Indian Commission. Included in the Director's Office are the Office of Disability Services, Senior Rx, and the Grants Management Unit.

For fiscal year 2005, the Office had 39 full-time authorized positions. The Office is funded mainly with federal grants and state appropriations. The Office's revenues and expenditures were recorded in seven operating budget accounts during fiscal year 2005.

Purpose of Audit

The purpose of this audit was to determine if the Office's monitoring efforts over grants ensured compliance with Office policies and procedures, and applicable state and federal laws and regulations. We also evaluated the Office's financial and administrative practices, including whether activities were carried out in accordance with applicable state laws, regulations, policies, and procedures. This audit included a review of the Office's financial and administrative activities for the fiscal year ended June 30, 2005.

Audit Recommendations

This report contains seven recommendations to improve the Office's monitoring efforts over grants and its financial and administrative practices. Specifically, the Office should revise grant procedures, including recipient reporting requirements and site visits. Additionally, the Office should ensure inventory reports are properly approved and procedures revised to include the disposition of assets. In addition, employees should be provided timely and accurate work performance standards and employee evaluations. The Office should also improve monitoring of receivables and develop procedures to ensure compliance with the statutory requirements of reporting and writing off debt.

The Office accepted all seven audit recommendations.

Status of Recommendations

The Office's 60-day plan for corrective action is due on August 10, 2006. In addition, the six-month report on the status of audit recommendations is due February 12, 2007.

Director's Office

Department of Health and Human Services

Results in Brief

The Director's Office generally complied with laws and regulations significant to its financial administration. However, we noted some weaknesses in the Office's monitoring efforts over grants and certain administrative functions.

Specifically, the Office did not enforce requirements that grantees submit certain reports in a consistent and timely manner. Periodic site visits were also not consistently conducted. In addition, some administrative functions need to be strengthened. Property and equipment were not adequately controlled, and some statutory requirements over personnel and contracts were not always followed. Improvements in the tracking of receivables are also needed to ensure timely collection efforts are consistently applied. These weaknesses occurred, in part, because some Office procedures were incomplete or unclear. Furthermore, staff did not consistently follow Office policies and procedures.

Principal Findings

The Director's Office did not enforce requirements that grantees submit certain reports in a consistent and timely manner. We reviewed 20 grants totaling over \$5.9 million awarded to 12 grantees and found progress reports were submitted untimely for 2 of the 20 grants and we could not determine the timeliness of the reports for 5 grantees. Financial status and request for funds reports were submitted untimely for 11 of the 20 grants. Financial statements were submitted untimely for 4 of the 10 grants requiring these statements.

The Office did not consistently conduct periodic site visits of grantees. Of the 12 grantees reviewed, over half did not receive a site visit in the last 2 fiscal years or since they began receiving grant funds. Site visits are needed to ensure grantees are abiding by their grant awards and using grant funding as intended.

The Office needs to strengthen controls over property and equipment. Of the 15 assets we tested that were on the Office's inventory list, 6 were not located in the Director's Office. Although the Office identified five of the six as no longer existing within the Director's Office during its fiscal year 2005 annual inventory, property disposition reports were not properly completed and processed. The property disposition reports included 15 additional assets, which still appear on the Office's inventory list. In addition, supervisory approval was not obtained on the Office's annual inventory and property disposition reports as required by Office policies and procedures.

The Office did not comply with personnel requirements for timely employee evaluations and development of work performance standards. Three of the 10 employee files reviewed did not contain a fiscal year 2005 employee evaluation, and 2 of these individuals were on probationary status. Also, two additional employees received their evaluations late. In addition, 1 employee had not received work performance standards since beginning employment in December of 2004, and 2 of the 10 employees had inaccurate work performance standards.

The Office did not prepare contracts for certain individuals providing services to the Office of Disability Services (ODS). ODS has individuals assist disabled counsel members in participating in counsel meetings held throughout Nevada. According to an agency official, the number of attendants ranges from 5 to 10 a year, charging a total yearly fee of under \$1,000 each. Nevada law requires agencies to establish contracts with individuals meeting the statutory definition of an independent contractor. Although the activity is limited, contracts are needed to identify the services that will be provided and the cost of these services.

The Office did not always take collection action on Senior Rx receivables in a timely manner. Out of 10 receivables reviewed, 3 should have received collection letters for untimely payments. None of the three were sent collection letters timely and consistently, which increases the risk that amounts due will not be fully collected.

The Office did not comply with state laws and regulations for writing off debt. The Office did not obtain Board of Examiner approval for nearly \$45,900 in Senior Rx receivables written off since June 2002.