



## INTERNAL AUDIT REPORT

DATE: March 11, 2016

TO: Jim Gray, Mayor

CC: Sally Hamilton, Chief Administrative Officer  
Glenn Brown, Deputy Chief Administrative Officer  
Aldona Valicenti, Chief Information Officer  
Chris Ford, Commissioner of Social Services  
Connie Godfrey, Director of Adult and Tenant Services  
Phyllis Cooper, Director of Accounting  
Susan Straub, Communications Director  
Urban County Council  
Internal Audit Board

FROM: Bruce Sahli, CIA, CFE, Director of Internal Audit  
Jasie Curtis, CFE, Internal Auditor

RE: Adult & Tenant Services Financial Assistance Programs Audit

### Background

The Division of Adult and Tenant Services offers a variety of financial assistance programs to aid qualified adults living in Fayette County with their living expenses. The programs examined during this audit included EFA (Emergency Financial Assistance), Lex-Serv Sewer and Landfill User Fee Program, Relocation Program, and the Representative Payee Program (RPP). Each program has specific criteria for eligibility. Some of these programs are Ordinance based, one is administered under the authority of the Social Security Administration, and some are governed based on internal guidelines.



In addition to auditing for program compliance, a general review of internal controls was also conducted. This included the safeguarding of assets, cash handling, dual reviews, separation of duties, reconciliations, appropriate management oversight, and repayment of applicable loans made to clients under certain financial assistance programs. Compliance with Social Security program requirements, LFUCG Ordinances, CAO Policies, and internal policies and procedures was also evaluated.

### **Scope and Objectives**

The general control objectives for the audit were to determine that:

- Collection controls are efficient and effective, including the processing of loan repayments
- Controls to ensure proper disbursement of funds to qualified applicants are efficient and effective
- Client financial assistance needs are assessed in a fair, consistent, and effective manner
- The financial assistance programs comply with all applicable federal and local requirements, CAO Policies, and internal policies and procedures
- Program management data compilation and reporting needs are being communicated to IT for the development of new assistance program software
- The assistance programs website informing the public of its services is accurate and up to date
- Representative Payee Program client accounts are effectively managed

The scope of the audit included activity for the period January 1, 2013 through November 1, 2015.

### **Statement of Auditing Standards**

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions



regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

### **Audit Opinion**

In our opinion, the controls and procedures did not provide reasonable assurance that the general control objectives were being met. Opportunities to improve controls are included in the Summary of Audit Findings.

### **Priority Rating Process**

To assist management in its evaluation, the findings have been assigned a qualitative assessment of the need for corrective action. Each item is assessed a high, moderate, or low priority as follows:

High - Represents a finding requiring immediate action by management to mitigate risks and/or costs associated with the process being audited.

Moderate – Represents a finding requiring timely action by management to mitigate risks and/or costs associated with the process being audited.

Low - Represents a finding for consideration by management for correction or implementation associated with the process being audited.

## **SUMMARY OF AUDIT FINDINGS**

### **Finding #1: Financial Services Program Governance Issues**

**Priority Rating: High**

#### **Condition:**

During the audit we requested all policies, procedures, and ordinances by which the financial assistance programs were governed. Management provided one policy from



2005 and one Emergency Financial Assistance (EFA) document from 2009, but both contained outdated information. The 2005 policy also disagreed with the governing LFUCG ordinance (specifically the LexServ Ordinance) regarding the income required and the consideration of alimony or child support in determining financial assistance (the ordinance requires alimony and child support to be reported by the applicant, but the Policy does not). We determined that management was unaware that some programs were governed by LFUCG ordinance or other documents, and noted that most financial assistance activity was directed by prevailing practices.

There was some question whether all of the management and staff that were responsible for administering the Representative Payee Program were aware of which policies and procedures governed this program. Through independent research with outside organizations, we determined that this program is governed by Social Security Administration Guidelines, and that non-compliance with the SSA Guidelines in handling federal funds could result in closure of this program and possible liability to LFUCG.

When reviewing current observed procedures with management, it appeared that at no point during the evaluation phase of a new client was the median income of Lexington-Fayette County included in the assessment process. Adult & Tenant services used the Federal Poverty Guidelines available for the most current year, but the ordinance governing the Relocation Assistance Program requires the applicant's income to be compared to local poverty indicators.

While observing various Eligibility Counselors, we noted that some Counselors present the promissory loans in such a way that repayment seems optional. Phrases such as "We are not a collections department, we won't be calling or writing you letters", "We don't report to credit reporting agencies" and "Pay it forward by paying your loan which will allow us to help others" were used. Confusion existed regarding clients who have unpaid loans from past assistance and how this affected their eligibility for future assistance, and various documents found in the department contradicted each other on this subject. Confusion also existed between management and counselors whether non-payment of a previous loan would disqualify a client from future assistance.

We also noted that that one employee who was working the front desk was giving out inaccurate information regarding requirements for financial assistance. We determined



that various employees work the front desk in the case of an absence or covering a lunch hour, some of which are not trained in the program requirements.

**Effect:**

Comprehensive governance of the financial assistance programs is crucial to ensure the efficient and effective administration of the programs and the proper use of its funds based on SSA requirements and LFUCG Ordinances and Policies. Written procedures are an important control that provides process instruction, performance standards, and a basis for measuring compliance with management expectations.

Failure to accurately compare a client's income to the correct guidelines may result in funds being given outside of allowed parameters and thereby reduce available funds for applicants who qualify for financial relief. Failure to provide accurate information may mislead potential clients and discourage those who may be eligible from receiving assistance. Portraying loan repayments as optional is contrary to the expectations of senior management and could result in reduced funding for future clients.

**Recommendation:**

Comprehensive Policies and Procedures should be developed which can effectively govern how the various financial assistance programs operate. These Policies and Procedures should comply with all applicable LFUCG Ordinances and SSA requirements. The Policies and Procedures should be clearly communicated to employees with interactive training to ensure a thorough understanding of the requirements for each financial assistance program. The Policies and Procedures should also address separation of duties, dual review, and client case documentation standards.

In addition, all employees who are expected to interact with the public should be trained to handle questions regarding program requirements. An up-to-date fact sheet should be provided at the front desk for quick reference for all employees. Standardized wording should be developed and enforced department wide to ensure that all eligibility counselors describe the loans accurately and clearly specify that repayment is required.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' comments.



Most of our program's policies and procedure, and ordinances have been in existence for years. Management is aware that the Emergency Financial Assistance (EFA) program and other in-house programs require revision. We understand that the EFA and the Relocation program (by Condemnation) are two programs that were not under ordinance however these are programs that were established internally by the previous director and those policies and procedures were adopted by the management.

LexServ was established as a separate program which follows A&TS Standard Operational Procedure. A qualified client's income must meet the 150% of the Federal Poverty Guideline and must meet the following criteria a) defaulted payment with LexServ, b) a 10-day notice, c) service is disconnected, and d) bill is in collections.

The Sewer and Landfill program's ordinance mandates following the Federal Poverty Guideline at 125%. Clients enrolled in this program are qualified to receive monthly discounts on the current monthly sewer and landfill fee. Currently, a team of two (2) Eligibility Counselors and two (2) Social Services Coordinators have volunteered to work on revising existing policies and procedures for the EFA, Relocation, and other programs. An Operating Manual will be established and distributed to all staff and will be updated by the assigned Coordinator. The goal is establish an Office Operating Manual detailing policies and procedures, separation of duties, dual review, and client case documentation standards for all programs and services provided with a targeted distribution date of March 1<sup>st</sup>. 2016. Additionally, the Division Director will be looking at revising existing program's RCO.

Since the implementation of Rep Payee Program, all staff responsible for the administering of the Representative Payee Program was advised that the Rep Payee Program is governed by the Social Security Administration. On January 6, 2016, documentation regarding those guidelines was provided to the current Rep Payee Program Administrator (Administrative Specialist) and the backup Administrator. A hard copy has been added to the Operating Manual and will be available for new hires.

The Temporary Relocation program and the Relocation (by Re-Zoning) require the calculation of the Fayette-County Median Income guideline at 40%. Management will



clarify this finding to all staff to ensure proper disbursement of funds for the corresponding relocation program. The Relocation program by condemnation is not covered under current RCO however staff has been performing assessments for assistance based on the understanding of previously existing policies and procedures. A revision of an assessment policy for this program will also be considered and management will have ongoing communication with staff as changes and updates are implemented.

Per auditor's comments prior to this final report, management was made aware of the different languages being used by staff regarding the repayment agreement. Management immediately advised staff to be concise, and direct in explaining client's responsibility in paying loan back to A&TS. Staff communicates to the client that the loan is a binding agreement between LFUCG, A&TS, and the client. The loan is in relation to the service(s) provided, and client is responsible to pay the assigned monthly payment and payment is due on the date stated on Repayment Agreement form. A&TS staff advises clients that by signing the Repayment Loan Agreement, client agrees to the terms and conditions of the loan and also agrees to pay back the loan. Staff also provides options on how the client can pay loans a) via UPS service mail and b) drop payment in office. Failure to pay, client is subject to be denied services in the future. This finding has been resolved, effective December 2015.

For the past 8 months A&TS has been short staffed. The Rep Payee Program Administrative Staff took another job in May 2015, the backup for the Rep-Payee Administrator was off work on Medical Leave, and during this time A&TS assigned the Rep Payee duties to an Administrative Specialist Sr. staff within the agency. Management acknowledges that different staff members were pulled from their regular duties to assistance with covering the front counter. Management will update existing fact sheet to serve as a reference to staffers covering the front counter, effective March 1, 2016.

### **Commissioner of Social Services Response:**

I recommend a structural reorganization of the Division, with focus on two (2) primary areas: Policy and Management.

**Policy:** The Division Director should formally develop and / or update policy guidelines for the Emergency Financial Assistance (EFA) program and the Relocation Assistance Programs. The Division Director ultimately is responsible for budgetary



oversight for the Financial Services Programs, and should take measures to ensure programmatic performance and policy compliance.

**Management:** The Division has two (2) Social Services Coordinators, who should be delegated more clearly defined leadership and managerial roles, with emphasis to program oversight, policy compliance, quality assurance and staff development. Social Service Coordinator #1 should be delegated managerial responsibility and authority for the Emergency Financial Assistance (EFA) program and the LexServ – Sewer and Landfill User Fee Program, and to directly supervise the Eligibility Counselors assigned exclusively to these programs. Social Service Coordinator #2 should be delegated managerial responsibility and authority for the various Relocation Assistance Programs, and to supervise the Eligibility Counselors assigned exclusively to these programs. A ranking Social Worker Senior should be delegated managerial responsibility and authority for the Representative Payee Program. The Administrative Specialist Senior, Administrative Specialist, and Clerical Assistant should be cross – trained and familiar with each of the Division’s financial assistance programs. However, a fair and balanced assignment of administrative support tasks (including office management and financial coordination), should be authorized by the Division Director and leadership staff.

**Reorganization:** The Division currently has authorized personnel strength of 13 full – time and 1 part – time employees. My observation and assessment (during the first 12 months as Social Services Commissioner) is that limited administrative / financial managerial infrastructure exists to support the high volume of direct services offered by the Division’s human service staff members. An immediate emphasis should be directed towards training and development of current staff. Strategic reallocation of staffing resources could also greatly improve the programmatic deficiency and governance issues identified in this finding.

**Finding #2: CAO Policy #40 Violations and Other Cash Control Issues**  
**Priority Rating: High**

**Condition:**

We noted several instances where CAO Policy #40-Policy and Procedure for Cash and Check Handling was not complied with. We also noted other instances where internal controls over collections were not being applied. Specific observations are provided below:



- Cash collections are often held for more than 48 hours. If a client file is unable to be located, then the deposit (client loan repayment) is held while a search occurs to locate the missing file. For example, a client loan payment made in August 2014 and found in an employee's desk on October 26, 2015 had still not been deposited as of December 20, 2015 because the related client file had not been located. In another example, a client loan repayment made on October 8, 2014 was not deposited until November 13, 2015, again because the client file could not be located. One client's payment dated September 16, 2015 was found during audit fieldwork in an employee's office and deposited on December 4, 2015. This practice also creates incorrect balances in the clients' loan accounts.
- Cash received is often placed in a filing cabinet drawer that remains unlocked during business hours, while at other times is placed in a locked drawer in either the front office or an employee's office.
- When loan repayments are received in the mail, there is no procedure in place to ensure the appropriate handling of these payments. The payment is not verified by a second employee, nor is there any check log where such payments can be posted and initialed by the employees opening the mail.
- Checks received in the mail or delivered in person are not being immediately endorsed for deposit only, and may remain unendorsed for a significant amount of time. Employees charged with receiving checks were not aware of CAO Policy #40's check endorsement requirement.
- A receipt book exists to record client loan repayments when the client delivers the payment to Adult & Tenant Services. Management was not reviewing the receipt book for missing receipts, and the audit identified six missing receipts. The receipt book is not being reconciled against deposit slips and client loan pay downs to ensure accuracy of deposit and client account payment updates. We also noted that use of the receipt book was inconsistent, and employees are not complying with CAO Policy #40's requirement that both copies of voided receipts be retained.



- We examined 18 completed receipts, noting that six were deposited from one day to 2.5 months late. We also identified three payments belonging to missing client files and were unable to determine if they were credited to the client accounts.
- Six Representative Payee Program checks ranging from \$72.00 to \$535.00 were mailed without an authorized signature. All of these checks were cashed by various banks.

**Effect:**

Failure to adhere to CAO Policy #40 and other internal control processes over cash receipts and disbursements creates the opportunity for lost or misappropriated funds.

**Recommendation:**

Policies and Procedures should be developed or updated to ensure compliance with CAO Policy #40, including timeliness of deposits, securing of cash, proper use of receipt books, and check endorsements. Training on proper cash controls should occur department wide, ensuring all employees are aware of their responsibilities. One standard secure location should be established to secure all money. This should be locked at all times, with access limited to the minimum amount of employees necessary. Office areas that are currently used to hold funds should also be thoroughly searched to ensure that no additional forgotten loan payments are found.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' finding.

Per meeting on February 5, 2016, all staff responsible for handling a client's file will proceed to enter data in PeopleSoft and file in the appropriate filing system. The final filing system will be completed within 48-hours after case is approved by reviewer. Management was working on implementing steps and procedures for cash handling to support CAO policy # 40 prior to the audit.

Cash received is placed in a filing cabinet drawer, away from the public's site, and it is locked at all times. This process was implemented in December 2015 per management's request and will continue this process for safety of funds and proper handling of cash received.



Proper handling of payment received by mail is currently in place as of December 2015. The individual receiving a payment must verify payment by initialing envelope, and must have the initials of a second staff as verification. Checks received by mail will follow CAO Policy # 40 guidelines and procedures and a management staff will ensure monies are deposited and payment is being reconciled with the receipt book. This finding has been resolved and process is ongoing, effective December 2015.

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, with the additional measures:

Administrative staff should be assigned to perform four (4) distinct and respective cash control roles, in compliance with CAO Policy #40: Cashier; Lock Box Custodian; Compliance Reviewer; and Courier. Furthermore, Eligibility Counselors should refrain from any role in cash control procedures and/or front – end office administration.

**Finding #3: Separation of Duties Issues Noted**

**Priority Rating: High**

**Condition:**

Appropriate separation of duties does not exist with cash handling, deposit preparation, or disbursements. The same employee who receives cash payments also prepares the deposit and requests disbursements via 211-5 forms using the signature stamp and with no management approval. Another employee charged with the Representative Payee Program writes checks with no oversight as the Director's signature is printed on the checks, and this employee also receives cash payments both in the mail and in person. There is no management review of deposit activity, which is always prepared by one employee with no backup.

**Effect:**

Lack of separation of duties increases the risk of asset mismanagement or misappropriation.

**Recommendation:**

Appropriate separation of duties should be established in compliance with CAO Policy #40 regarding proper cash handling and deposit preparation. Appropriate back-ups should also be established who could fill in when short-staffed to continue



this separation of duties. The deposit should be reviewed by an employee not responsible for creating the deposit or posting collections to accounts, initialing and dating the deposit slip. Management should review deposit and disbursement activity on at least a weekly basis. Management should also review all 211-5 forms prior to their being submitted to Accounting.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' recommendation.

Steps and procedures were initiated prior to the audit and completed during the audit. The steps and procedure is in compliance with CAO policy # 40 and management will ensure the proper steps are taken to ensure all objectives in these findings are followed to include separation of duties, back-ups, review of monies being deposited, and review of all 211-5 forms prior to being submitted to Accounting. Management will also sign all Payee Program's check to ensure appropriate internal control of funds. This finding has been resolved and process is ongoing, effective December 2015.

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, with the additional measures:

Administrative staff should be assigned to perform four (4) distinct and respective cash control roles, in compliance with CAO Policy #40: Cashier; Lock Box Custodian; Compliance Reviewer; and Courier. Furthermore, Eligibility Counselors should refrain from any role in cash control procedures and/or front – end office administration (as referenced in my response to Audit Finding #2).

**Finding #4: Emergency Financial Assistance Program Compliance Issues**  
**Priority Rating: High**

**Condition:**

Several findings were noted in a testing of 15 randomly selected Emergency Financial Assistance (EFA) recipients:



- Two recipients did not provide the required social security card, one of which also did not provide a photo ID. (One of the social security cards was noted to be lost, but a request to replace the card and present it to the Eligibility Counselor was not included in the file, which appeared to be standard procedure based on other files in similar situations.)
- Two recipients did not provide complete proof of income. One recipient did not provide the spouse's income verification and the second recipient only had partial income verification for the husband and no proof of income for the wife. The husband's proof of income did not agree with what was written in the file by the counselor. This recipient was also noted to have \$2,439 in discretionary monthly income, and therefore appeared to exceed the financial need status for this program.
- One recipient's file had no evidence of management review.
- One recipient was noted to have been "let go" from their previous job with no further explanation or verification whether this person was fired or laid off. Under this program, assistance would have been inappropriate if they were fired without meeting certain special circumstances, of which none apparently applied to this case.
- Three recipients who received loans were not recorded in PeopleSoft.

**Effect:**

Failure to consistently comply with financial assistance approval requirements could result in assisting unqualified individuals and reduce the availability of funds for qualified individuals.

**Recommendation:**

Eligibility Counselors should be instructed to fully comply with the LFUCG ordinances, SSA Guidelines, and internal Policies and Procedures that govern the financial assistance programs. In-house training to ensure a consistent approach and understanding of those requirements is recommended. The Director or an assigned manager should conduct periodic reviews of a sample of client files to provide reasonable assurance the ordinances, guidelines, and policies and procedures are being adhered to.

**Director of Adult & Tenant Services Response:**

Management agrees with your finding.



Eligibility Counselors and management will be advised to fully comply with EFA policies and procedures. Quarterly meetings will be conducted to reinforce understanding of agency program's guidelines. The first meeting, after revision of the EFA policies and Procedures will be in March 2016. The Director and Management will assure the review of case-files follows internal policies and procedures. Meanwhile Policies and Procedures are finalized, management will advise staff to follow existing documents requirement for assessment of client's assistance. This process is ongoing and finalized March 2016.

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, with the additional measures:

I recommend Social Service Coordinator #1 be delegated managerial responsibility and authority for the Emergency Financial Assistance (EFA) Program, and to directly supervise the Eligibility Counselors assigned exclusively to the program. With this expanded and clarified leadership, Social Service Coordinator #1 will employ program oversight, policy compliance, quality assurance and staff development. The Division Director ultimately is responsible for budgetary oversight, and should take measures to ensure programmatic performance and policy compliance (as referenced in my response to Audit Finding #1).

**Finding #5: Additional Program Compliance Issues Identified in the Testing of One Emergency Financial Assistance Client**  
**Priority Rating: High**

**Condition:**

The following findings related to the test results of one client file in the EFA program. Since so many different types of issues were noted in the one client file, it is included as a separate finding:

- Interruption of income had not occurred within the last 30 days as required by the EFA program;
- Previous income was from a temporary work study (temporary work is not permitted to be considered under the EFA program);
- Previous income documentation noted that client used student loans to pay rent, and included occasional assistance from the client's father. (Student loans are not



allowed to be considered as payment of past or future rent/bills. Family financial assistance was not documented with a sufficient amount or information regarding consistency of assistance, so under the EFA program this assistance should not have been considered.);

- Expected income, even considering 100% of income with no taxes paid, would not be enough to pay rent. (A requirement for rent assistance is that rent payment must amount to 50% or less of total upcoming income. This client was not seeking any other employment.);
- Client was a full time student living alone (under the EFA program, full-time students can only be assisted if they have a minor living in the home).

**Effect:**

Failure to consistently comply with financial assistance approval requirements could result in assisting unqualified individuals and reduce the availability of funds for qualified individuals.

**Recommendation:**

Eligibility Counselors should be instructed to fully comply with the LFUCG ordinances, SSA Guidelines, and internal Policies and Procedures that govern the financial assistance programs. In-house training to ensure a consistent approach and understanding of those requirements is recommended. The Director or an assigned manager should conduct periodic reviews of a sample of client files to provide reasonable assurance the ordinances, guidelines, and policies and procedures are being adhered to.

**Director of Adult & Tenant Services Response:**

Management agrees with auditors' finding in this particular case.

Management will clarify income and Emergency Financial Assistance Program's guidelines to Eligibility Counselors and management has advised counselors to comply with existing EFA internal Policies and Procedures. Management will provide a copy of updated policies and procedures to include the appropriate income requirements to all staff once finalized by March 1<sup>st</sup>. 2016. [Note: SSA statement is unrelated to EFA program and Eligibility Counselors].

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, with the additional measures:



I recommend Social Service Coordinator #1 be delegated managerial responsibility and authority for the Emergency Financial Assistance (EFA) Program, and to directly supervise the Eligibility Counselors assigned exclusively to the program. With this expanded and clarified leadership, Social Service Coordinator #1 will employ program oversight, policy compliance, quality assurance and staff development. The Division Director ultimately is responsible for budgetary oversight for the Emergency Financial Assistance (EFA) program, and should take measures to ensure programmatic performance and policy compliance (as referenced in my response to Audit Finding #1).

**Finding #6: Duplicate Assistance Given in Violation of Division Standards**  
**Priority Rating: High**

**Condition:**

We randomly reviewed three drawers from the filing cabinets which hold the client files for the EFA (Emergency Financial Assistance Program). Under the EFA, clients are only allowed to receive assistance once during a 24 month period. Two of the three drawers selected for review contained duplicate client files. Upon further investigation, it was determined that two clients received EFA assistance twice within the 24 month period. Client #1 received the benefits twice within a 13 month period, and Client #2 received the benefits twice within 17 months. Both clients were found in PeopleSoft, Outlook, and the filing cabinet (two separate files each), indicating sufficient opportunity existed to identify previous assistance and avoid exceeding the allowable assistance. During EFA transaction testing, we identified a third client that received duplicate assistance, with this one occurring within five months of the original assistance.

We then partnered with the Division of Enterprise Solutions to construct a report which would identify duplicate assistance occurring over the past three years. The report identified six additional clients who received duplicate assistance within the 24 month period. All six clients had promissory notes as well as being given lump sum assistance. One of these clients received two different loans in addition to the lump sum assistance. When we brought this to Adult & Tenant Services management's attention, they explained that some of these may have been appropriate due to the assistance being of various types (Lex-Serv promissory note, lump sum assistance, utility or rent assistance, etc.); however, this is inconsistent with policies/procedures within the Division and differs from the training provided to Eligibility Counselors.



**Effect:**

Depending on the circumstances, inconsistent distribution of assistance could bring allegations of favoritism or discrimination against Adult & Tenant Services. Distributing financial assistance outside of the allowable program parameters will deplete available funds at an accelerated rate.

**Recommendation:**

Eligibility Counselors should be instructed to fully comply with the LFUCG ordinances, SSA Guidelines, and internal Policies and Procedures that govern the financial assistance programs. In-house training to ensure a consistent approach and understanding of those requirements is recommended. The Director or an assigned manager should conduct periodic reviews of a sample of client files to provide reasonable assurance the ordinances, guidelines, and policies and procedures are being adhered to.

A standardized filing system should be created, and all client files should be reviewed for any missing documentation needed to complete the client file. All areas should be thoroughly searched and all documents properly filed and loaded into PeopleSoft. Requests for missing documentation should then be made to clients as needed. Management should consider implementing a procedure requiring that notes from client appointments be included in Outlook after each meeting to allow employees setting appointments to be better informed at a glance of actions taken in previous client meetings. For example, it could be noted in Outlook that a previous meeting resulted in a no-show, assistance was given in the form of a loan for \$500, or assistance was denied based upon income. This would augment any documentation contained in client files and would improve client case management documentation standards. Policies should also be implemented requiring verification of the client's history with Adult & Tenant Services. These policies should be followed consistently to ensure all clients are given equal treatment. Management should conduct random audits to ensure consistent compliance once these policies are enacted.

**Director of Adult & Tenant Services Response:**

Management partially agrees with the auditors' comments and assessment of their test.

Per assessment of a participant's situation, one participant can qualify for various programs depending on the situation. Under EFA, a participant can apply for funds up to the amount available at the time of visit (e.g., \$500 for either rent, or/and a utility bill). Counselors assess if a participant can apply for LexServ and/or the Sewer



and Landfill program, or EFA. An EFA assessment can generate multiple program assistance per the program's guidelines. If a participant does not meet the LexServ income guidelines, or Sewer and landfill application; the individual can opt to get the EFA loan to use toward what client and counselor have determined that it as a priority to pay. If EFA funds are available for up to \$500, this individual can use EFA loan to pay \$300 toward rent, \$100 toward the LexServ bill, and \$100 toward the KU bill. As the last option, counselor could seek community resources to assist client or advise the participant to call other Community Resources that are readily accessible to the client.

Management agrees that a database is necessary to prevent duplication of services. Outlook is efficient when properly working. To prevent any duplication and assistance of existing and current files, staff will search for file and case will be filed within 48-hours in appropriate storage room after case is reviewed and approved. Management updated the existing Case File Review (check-sheet of documents) to remind Eligibility Counselors to do a thorough search of files to prevent duplication of files and ensure funds are appropriated administered. Management will also consider random audits of files to ensure consistent compliance on policies once finalized and enacted. This process is ongoing. [Note: SSA statement is unrelated to EFA program and Eligibility Counselors].

**Commissioner of Social Services Response:**

The Division Director should formally develop and / or update policy guidelines (as referenced in my response to Audit Finding #1) to comprehensively account for A) client eligibility; B) financial assistance limits; and C) duplication of benefits. The Division Director and Social Service Coordinators are charged with performing managerial functions of oversight and review for Eligibility Counselors' work, including preliminary client need assessment and financial assistance recommendations.

The final design and implementation of the Department's Case Management Information System (expected Fall 2016) will greatly enhance the Division's ability to better manage program data and prevent duplication of benefit errors.



**Finding #7: Insufficient Payee Program Reconciliation or Oversight**  
**Priority Rating: High**

**Condition:**

Under the Representative Payee Program, Adult & Tenant Services receives Social Security Administration checks on behalf of the RPP clients, which is then used to pay bills on behalf of program clients as well as provide allowance distributions to clients who may otherwise struggle with managing or securing their Social Security checks. Our review of the Representative Payee Program (RPP) Metro Employees Credit Union statements determined that a standard bank reconciliation is conducted by the Division of Accounting. Accounting's reconciliation searches for outstanding checks and compares the balance from the bank statement to the balance contained on the check register produced by the Horizons software program. Our review identified a check that was listed as "Voided" in the Horizons program, but did not have a stop payment assigned to it. The "Voided" check was cashed by a bank but the Horizons system did not include this transaction in the client's account, thereby overstating the client's account balance. This also affected the entire RPP book balance, as all RPP client money is held in the same account. Although Accounting's reconciliation flagged this error, the Adult & Tenant Services Administrative Specialist charged with administering the RPP failed to respond to Accounting's inquiries regarding this issue. It cannot be determined if this would have been investigated further and corrected if it had not been identified during the audit.

We also determined that the Adult & Tenant Services employee charged with the day to day operations of the Representative Payee Program was not duly responsive to Accounting's inquiries regarding the RPP account. Emails sent from Accounting to this employee regarding questions or errors noted in Accounting's RPP account reconciliations were rarely responded to, and those responses that were given were typically not provided in a timely manner. We also noted that the Metro Employees Credit Union provided the RPP bank statement to the Adult & Tenant Services employee responsible for administering the RPP program (which including issuing RPP checks), rather than sending it directly to Accounting. The Adult & Tenant Services employee often delayed sending the bank statement and copy of the related check register to Accounting by as much as a month, which delayed the account reconciliation.



We also noted that the August 26, 2015 check register contain numerous differences when compared to the August 31, 2015 check register. We were informed that these differences (including voids and gaps in check numbers) occurred when the Adult & Tenant Services employee responsible for the RPP used a non-sequential book of check stock when replenishing the check printer. The change in starting check stock numbers was not entered into Horizon. As a result, the check register had to be corrected by a customer service representative at the Horizons Data Center in order to match the check register with the actual check numbers weeks after the error began.

**Effect:**

A proper account reconciliation cannot be performed in a timely manner if bank statements are held for as long as a month before being provided to Accounting, and explanations for variances between book and bank are not provided in a transparent and timely manner. The RPP is funded by Social Security payments, and therefore the reconciliation of this account and resolution of anomalies in a timely manner takes on added importance.

**Recommendation:**

The Metro Employees Credit Union should be instructed to send the RPP bank statement directly to Accounting for reconciliation, and any Accounting questions about the account should be promptly addressed by Adult & Tenant Services. An Adult & Tenant Services employee with no RPP collection or disbursement duties should reconcile the check register to the individual costumers' accounts in Horizon to ensure each client's account reflects accurate collection and disbursement activity.

**Director of Adult & Tenant Services Response:**

Management agrees with auditors' finding.

LFUCG's Division of Accounting has been a great partner in the reconciliation of the Rep Payee checks and Check Register generated by the Horizon Software. The irregularities to the Check Register dated August 26, 2015 were corrected to the appropriate check sequence, and therefore was different than the check register dated August 31, 2015 as explained to auditors. The staff member listed in the finding determined that the check was cashed by the payee participant and no additional allowances were issued as a result to the client the following week.



The Social Services Coordinator will reconcile the Check Register generated by Horizon Software to the Metro Credit Union's bank statement. Management has reassigned all Rep Payee Program duties the Administrative Specialist in the office. The program is now operating smoothly and will remain in compliance with the Social Security Administration's Payee program guidelines. This finding has been resolved and the new rep Payee Program Administrator is handling the program per SSA guidelines.

Accounting will initiate the process to be an authorized user the Rep Payee Program's bank account through MECU. This process is in progress.

### **Commissioner of Social Services Response:**

I recommend the closure of the account with Metro Employees Credit Union, and the establishment of a Representative Payee Program Fund account with the Division of Accounting. Accordingly, the Payee Program should amend its disbursement procedures to be consistent with the division's other financial assistance programs, by utilizing 211-5 forms to request checks for third – party vendor payments and payee client allowances. A ranking Social Worker Senior should be delegated managerial responsibility and authority for the Representative Payee Program. The Administrative Specialist Senior and Administrative Specialist should be cross – trained and delegated appropriate support roles to the Representative Payee Program (including collection, disbursement, reconciliation, records retention). Job Analysis Questionnaires (JAQs) for the aforementioned administrative staff positions should be reviewed and modified, as needed.

### **Finding #8: Inappropriate Use of Signature Stamp and Lack of Management Approvals**

**Priority Rating: High**

#### **Condition:**

A stamp of the Director's signature was found in employees' offices and was used to "self-approve" any documents requiring the Director approval. We observed this occurring with the 211-5 forms used to request checks from Accounting. One employee completes the 211-5 forms, stamps the signature, and sends the forms to Accounting with no management oversight or formal approval. We also observed a check written through the Representative Payee Program which was stamped with the Director's signature.



**Effect:**

Uncontrolled use of signature stamps increases the likelihood of inappropriate transactions, and allows for the override of management review and approval.

**Recommendation:**

Use of the signature stamp should be discontinued. The Director should sign all checks, or have an authorized designee sign the checks in her absence. We also recommend that 211-5 forms be physically reviewed and signed by the Director or her designee to improve the oversight of disbursements.

**Director of Adult & Tenant Services Response:**

Management agrees with your recommendation.

The signature stamps as well the previously authorized electronic signatures on payee disbursements have been discarded. The Division Director will review all 211-5 forms and payee disbursements prior to signing. The Division Director has designated personnel who will be authorized to sign in Director's absence. This process will ensure transactions are reviewed, approved, and funds are disbursed appropriately. This finding has been resolved, effective December 2015.

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, with the additional measures:

I recommend approval authority (in the scheduled or extended absence of the Division Director) shall be solely designated as Social Service Coordinator #1. In the event both the Division Director and Social Service Coordinator #1 have simultaneous scheduled or extended absence, Social Services Coordinator #2 will approve requests.

**Finding #9: Social Security Allowance Payment Chain of Custody Issue  
Priority Rating: High****Condition:**

During a review of the Representative Payee Program, we examined the process by which periodic allowance payments are provided to the clients. Periodic allowance payments are Social Security funds held by a qualified Social Security Representative



Payee (the role held by Adult & Tenant Services) who distribute some of the Social Security funds directly to the client for their personal use (referred to as a periodic allowance payment). The Social Security Representative Payee also disburses some of the client's Social Security funds directly to the client's creditors on behalf of the client.

Through inquiry of various Adult & Tenant Services employees and a review of email documentation, we determined that client Social Security funds are often drawn from the Metro Employees Credit Union account by the responsible Administrative Specialist and given directly to the client's social worker who is then expected to deliver the funds to the client. Sometimes the client would come to Adult & Tenant Services for their allowance, or the check would be mailed to the client. In other instances, the check is given directly to the Social Worker who is responsible for delivering the check to the client. Allowance distributions were typically in the form of a check, although we identified two instances where cash was withdrawn from the account (see Finding #12).

A check log used for tracking the distribution of allowance checks was often incorrect and/or incomplete, thereby reducing its reliability. The check log was supposed to be signed by the recipient of the allowance, but we noted several instances where no signature was obtained.

**Effect:**

When checks are being given to the client's social worker, there is currently insufficient documentation to demonstrate proper distribution of the allowance check to the intended client. This is SSA money and improved accountability is needed.

**Recommendation:**

The Administrative Specialist should have the social worker sign a receipt form acknowledging their acceptance of a client's SSA allowance. The social worker should then be required to have the client sign the receipt form to indicate that the client received the payment, and then either the social worker or client should deliver or mail this receipt form to Adult & Tenant Services where it should be inserted in the client's file as proof of receipt of allowance. The check log should also be properly completed on a consistent basis to improve the tracking of allowance payment distributions.



**Director of Adult & Tenant Services Response:**

A&TS agrees that there were some instances of insufficient documentation on the allowance tracking log.

The tracking log has been revised and is now consistent with the auditors' recommendations with respect to the logistics of the payment. The revised Allowance Tracking Log must be signed by the social worker acknowledging the acceptance of a client's allowance check for delivery purposes. The client is asked to sign and date a document in acknowledgement of receipt of the payment. Documentation is then returned to the office to be filed with the allowance request. In-office allowance payments pick-up requires verification of identification and the client is required to complete the Allowance Tracking Log which includes signature, date, and the amount of the allowance check received. Allowance checks mailed to payee clients will be documented on the Allowance Tracking Log and the staff must provide their initials and the date completed must be listed. This finding has been resolved, effective December 2015.

**Commissioner of Social Services Response:**

I concur with the Director's corrective action plan.

**Finding #10: Lack of Control Over Pre-Signed Checks****Priority Rating: High****Condition:**

The Horizons software program is used to manage the Representative Payee Program (RPP). Our review of that program noted that all checks created by Horizons are automatically printed with the Director's signature on them, and there is no management oversight or review of these checks. The employee who creates the checks is the only person who views them.

**Effect:**

The RPP is funded by client Social Security funds. Lack of cash disbursement oversight increases the risk of misappropriated federal funds.



**Recommendation:**

All disbursements made from the RPP should have prior approval from management. A weekly report of RPP disbursements should be generated from the Horizons software and reviewed by management for appropriateness. Management should sign off on these reports to demonstrate the review has occurred, and retain the reports for two years in conjunction with the SSA's RPP records retention requirements.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' recommendation.

Invoices, allowance request and other disbursements will be submitted on a weekly basis for review and approval. Management has also started reviewing all RPP disbursements and Division Director is signing all requests. A designated staff will sign in absence of the Division Director. A&TS will ensure all RPP records are reviewed and kept for two years in accordance to SSA's records retention requirements. This finding has been resolved, effective December 2015.

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, with the additional measures:

In the scheduled or extended absence of the Director, the approval authority shall be solely designated as Social Service Coordinator #1. In the event both the Director and Social Services Coordinator #1 have simultaneous scheduled or extended absence, Social Services Coordinator #2 will approve requests (as referenced in my response to Audit Finding #8).

I recommend the closure of the account with Metro Employees Credit Union, and the establishment of a Representative Payee Program Fund account with the Division of Accounting (as referenced in my response to Audit Finding #7). With the implementation of this recommendation, the Division will mitigate any liability or exposure associated with direct fund disbursement activity (check printing) from the Division office.



**Finding #11: Eligibility Counselor Decision Made Without Management Review**

**Priority Rating: High**

**Condition:**

We noted one instance where a Social Services Coordinator, acting as an Eligibility Counselor, reviewed and approved their own client's file. The Director of Adult & Tenant Services stated she allowed self-reviews.

**Effect:**

Eligibility Counselor decisions can have a direct effect on whether or not LFUCG funds are disbursed to clients. All decisions resulting in possible disbursement activity should be reviewed by another level of management.

**Recommendation:**

The Director or an approved supervisor should always review new files to ensure correct decisions are made regarding eligibility and completeness of the file. The reviewer should also sign off on any decision where the Counselor recommends granting financial assistance to indicate review and approval of the financial assistance decision.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' recommendation.

The Division Director will assign a staff member to review cases submitted by the Social Services Coordinator in absence of the Director to ensure files meet all requirements of the program. This finding has been resolved, effective December 2015.

**Commissioner of Social Services Response:**

The Social Service Coordinator should relinquish program work activity associated with the role of Eligibility Counselor. The Division's Social Services Coordinators should be delegated more clearly defined leadership roles, with emphasis to program oversight, policy compliance, quality assurance and staff development (as referenced in my response to Audit Finding #1).



In the event the Social Service Coordinator is required to perform programmatic functions, the Division Director shall exercise sole oversight, review and approval authority.

**Finding #12: Cash Withdrawals from Representative Payee Program Account**  
**Priority Rating: High**

**Condition:**

During a review of the bank statements for the RPP account, we noted two transactions for “Cash”. Cash was withdrawn on March 3, 2015 (no checks were printed on this day) and cash was withdrawn on July 2, 2015 (26 checks were printed on this day). In both cases, the employee responsible for administering the RPP went to the Metro Employees Credit Union and withdrew cash (these two transactions involved two separate employees). We were told that these events occurred because the check printer was not working. However, we found no reason why a physical check could not be completed by hand and signed by the Director.

**Effect:**

Cash withdrawals reduce transaction trails and can be used to misappropriate funds. Cash withdrawals of government bank accounts should never occur, particularly when federal funds are involved.

**Recommendation:**

Checks should be completed by hand and signed by the Director or a designated backup manager if printer issues or other problems occur that prevent the Horizon system from printing checks.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors’ recommendation.

In the event of a technical issue all staff is aware that manual checks are available. This finding has been resolved, effective December 2015.

**Commissioner of Social Services Response:**

I recommend the closure of the account with Metro Employees Credit Union, and the establishment of a Representative Payee Program Fund account with the Division of



Accounting (as referenced with my response to Audit Finding #7). With the implementation of this recommendation, the Division will mitigate any liability or exposure associated with direct fund disbursement activity (check printing) from the Division office.

**Finding #13: Lex-Serv Discounts Not Verified**

**Priority Rating: High**

**Condition:**

Clients admitted into the monthly assistance program for the Sewer and Landfill User Fee Program (Lex-Serv) currently phone in each month to have a portion of their total sanitary sewer use and landfill fees paid by Adult and Tenant Services (i.e., discounted). We discussed this process with employees who typically answer those phone calls, and were informed that clients may sometimes give the amount of the entire bill instead of the small portion that is eligible for this assistance. They explained that it is not possible to determine over the phone if the amount given by the client is accurate, which can result in overpayment of the allowable amount by Adult and Tenant Services. In one client's file, we noted what appeared to be a monthly payment schedule which included two monthly payments that were much larger than all other months' payment totals. This indicates that for those two months, the entire bill was probably paid (discounted) on behalf of the client, and not just the small portion which is allowed under the Lex-Serv Program.

**Effect:**

Failure to verify the appropriate amount of assistance prior to payment could result in disbursements in excess of program allowances and accelerate the depletion of funds available for this program.

**Recommendation:**

Adult & Tenant Services should partner with the Division of Revenue to determine if it is possible to validate client Sewer and Landfill fees prior to payment of the discount amount.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' recommendation.



A&TS will look to partner with the Division of Revenue for A&TS staff to access client's monthly charges in an effort to provide the accurate discounts. Qualified clients for the Sewer and Landfill program can receive monthly discounts on the sewer and landfill portion of the current monthly bill. A&TS is willing to consider other options to ensure proper discounts are being assessed. Examples a) Provide automatic monthly discounts to clients enrolled in the Sewer and Landfill program, b) ask clients to provide a copy of their monthly bill, c) request access to Lexserv system. Meanwhile Adult & Tenant Services staff will continue to screen clients as they call the office to request their monthly discounts. This process is ongoing.

**Commissioner of Social Services Response:**

I concur with the Director's corrective action plan.

**Finding #14: CAO Policy #25 Violation**

**Priority Rating: High**

**Condition:**

We examined computer controls regarding the Representative Payee Program (RPP). The employee responsible for making entries into the RPP client files (referred to herein as the main RPP employee) stated that an Eligibility Counselor was the backup in the event of her absence. However, the Eligibility Counselor does not have a separate login ID or password, nor is the RPP software installed on her computer. Instead, the backup employee logs in as the main RPP employee on the main RPP employee's computer whenever her backup services are needed. This is a CAO Policy #25 computer security violation.

**Effect:**

Computer passwords should never be shared with another employee. Failure to safeguard access to passwords and computer systems increases the risk that client account information will be compromised and unauthorized disbursements will occur. If such events occurred, the transaction trail would lead back to the person who shared their password with another employee, even if they did not actually process the transaction.

**Recommendation:**

All employees with access to computers should be reminded of the requirements of



CAO Policy #25. All necessary Horizon users should be provided with individual logins and passwords, including the backup and management personnel to allow for adequate oversight. If management is not currently knowledgeable about the software being used, training should be provided to ensure they can adequately review client database activity. Horizon software procedures should also be developed to provide necessary training in the event new personnel take over the duties of using the Horizon system.

**Director of Adult & Tenant Services Response:**

Management acknowledges the backup employee for the Rep Payee Program mentioned in the audit findings had a login and password. Since the audit, Horizon Software has been installed at the backup Rep Payee staff workstation and staff has been advised to read and follow CAO Policy #25. Management will also request to have access to the Horizon system for adequate oversight of the RPP program. Adult & Tenant Services added a hard copy of the CAO Policy # 25 to the Operating Manual. A&TS will ask Horizon staff to conduct training for new hires, and Rep Payee staff will keep up with any software updates. This finding has been resolved, effective January 2016.

**Commissioner of Social Services Response:**

I concur with the Director's corrective action plan.

**Finding #15: Client File Disorganization and Related Impact**  
**Priority Rating: Moderate**

**Condition:**

We selected a random sample of client files for testing and three files could not be located. Discussion with Adult & Tenant Services employees determined that this is a common occurrence, and they explained that a client's loan payment is not processed until the file is found. One employee noted she has occasionally refused to accept a loan payment, or has mailed a payment back to a client, because she was unable to locate the loan file (and the loan was not properly recorded in PeopleSoft). In addition, all of the counselors showed us a stack of client files in their offices which have not been entered into PeopleSoft or properly filed.

As noted in a separate finding, failure to properly post and file client information has



also allowed some clients to receive duplicate assistance since no proof of previous assistance could be located. File disorganization will also pose an issue when the new Social Services database planned for the future is implemented. Currently, files are stored in three locations (an employee's section of the front office, all Eligibility Counselors' offices, and the file cabinet).

**Effect:**

The absence of standardized file organization and the uploading of loans into PeopleSoft on a timely basis creates an environment where documents can be misplaced, duplication of services can occur, and loan payments are not credited to client accounts in a timely manner. This can also result in the reduction of available program funds and potential misinforming of clients when they inquire about their account balance.

**Recommendation:**

A standardized filing system should be created, and all client files should be reviewed for any missing documentation needed to complete the client file. All areas should be thoroughly searched and all documents properly filed and loaded into PeopleSoft. Requests for missing documentation should then be made to clients as needed. A procedure should be put in place that requires all loan repayments to be accepted when received, posted in PeopleSoft within 24 hours, and deposited within 48 hours as required by CAO Policy #40.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' recommendation.

Measurements have been implemented to have client's information added in PeopleSoft and filed in the file room within 48 hours after file has been reviewed and approved. Management believes that all payments made in good faith by clients will be allocated appropriately. A receipt will be generated, the funds will be deposited, and the client will be mailed a statement with their balance. Per explanation to auditor, a repayment loan is posted in PeopleSoft within 24-hours, and delivered to the Accounting Department within 48-hours as required by CAO Policy #40. This finding has been resolved, effective January 2016, and implementation will be re-evaluated by Division Director and management.



**Commissioner of Social Services Response:**

The Division Director should continue to work closely with the Commissioner's Office in the design and implementation of the Case Management Information System. Gained efficiencies should be incorporated into the reconstruction of the Division's standard client file system.

Administrative staff should be assigned to perform these four (4) distinct and respective roles, in compliance with CAO Policy #40: Cashier; Lock Box Custodian; Compliance Reviewer; and Courier. Furthermore, Eligibility Counselors should refrain from any role in cash control procedures and/or front – end office administration (as referenced in my responses to Audit Findings #2 and #3).

**Finding #16: Account Balances Not Verified**

**Priority Rating: Moderate**

**Condition:**

Adult & Tenant Services has separate accounts for Assistance (Account #78112) and Assistance-Relocation (Account #78109). Our review of the "Weekly Cover Sheets" which show the week's disbursements to clients determined that management is unaware of the actual balance of the Relocation Account (#78109). In our meeting with management on December 9, 2015 management stated they did not know how to determine this amount, and any numbers reported as a beginning balance are not factual. The Division of Budgeting states that this information can be obtained in PeopleSoft at any time.

It appears there was no procedure or training in place to instruct employees on the proper selection of accounts. Without knowing how to properly select accounts to post disbursements, those employees tasked with making program disbursements had to use Budget Amendments to adjust balances after disbursements were made to avoid being overdrawn in the account.

**Effect:**

Posting transactions to inappropriate accounts can result in overspending funds designated for a particular program (possibly governed ordinance or grant) or in the use of designated funds for unrelated programs.



**Recommendation:**

Management should monitor all financial assistance program account balances on a regular basis to ensure accounts are not overspent. Training should be completed for both management and any employee involved in the completion or approval of 211-5 forms, disbursements, and budget amendments to ensure disbursement transactions are appropriate and properly approved.

**Director of Adult & Tenant Services Response:**

Management partially agrees with this finding.

The explanation given to auditors at the meeting on December 9, 2015 was that A&TS along with the Commissioner's office were working together to journal funds to the appropriate accounts. At present, A&TS has three different relocation programs (e.g., Relocation by Rezoning, Temporary Relocation, and Relocation by Condemnation). A&TS is able to access and provide the balance in each account by pulling this information from our Weekly Cover Sheets and from PeopleSoft. The Division of Budgeting is correct, A&TS can obtain the information from PeopleSoft at any time and management could have provided the amount reflected in database. A&TS was aware of the accounts/program's name being evaluated, and management was hesitant to provide any financial information until the accurate account balances were finalized.

At the time of the audit, the new Administrative Specialist was transitioning to take on the accounts payables duties and had attended a budgeting class while working internally with the Administrative Specialist Sr. who was currently responsible for the account payables duties. The Administrative Specialist responsible for the accounts payables is capable of accessing the Budget Overview and is aware of all the accounts in place. The Administrative Specialist will continue to take appropriate training courses and management will also seek training opportunities. This finding has been resolved.

**Commissioner of Social Services Response:**

My observation and assessment (during my first year as Commissioner) is the Division's current organizational staffing model is structurally imbalanced. Limited administrative / financial managerial infrastructure exists to support the high volume of direct services programs offered by the Division (as referenced in my response to Audit Finding #1). Cumulatively, the Division's financial assistance programs annually



expend an average of \$600,000 for direct client benefit. These diverse and complex programs are accounted across a broad portfolio of government funds, including: General (1101); Tenant Relocation (1104); Sewer (4002); Water Quality (4051); Landfill (4121); and Emergency Solutions Grant (3120).

My proposed Divisional reorganization is intended to realign and better position current staffing, with purpose to reinforce the Division's budgetary & fiscal controls. In recent prior months, the Commissioner's Office has provided direct technical assistance to the Division Director and leadership staff, in analysis and management of the aforementioned programmatic funds. I pledge the Commissioner's Office's availability to continue such collaborative efforts, as may be needed in the future.

**Finding #17: Outdated Adult & Tenant Services Website Providing Inaccurate Financial Assistance Information**

**Priority Rating: Moderate**

**Condition:**

The Adult & Tenant Services website appears to have last been updated in 2011. The Main Page included at least one program which is no longer in use, and did not include a full summary of Black and Williams programs and services. The website's Financial Assistance Form is also outdated. It references the McKinney Homeless Prevention Assistance which is no longer available, and contains an inaccuracy regarding the reduced income requirements. In addition, the website only lists outdated Federal Poverty Guidelines, although the use of the local poverty indicators is required by ordinance for the Relocation Program.

**Effect:**

Failure to provide accurate information can mislead existing and potential applicants regarding the benefits and requirements of the financial assistance programs.

**Recommendation:**

Adult & Tenant Services should update the Federal Poverty Guidelines for all programs, and also include the Lexington-Fayette County income information required by the Relocation Program Ordinance. We also recommend management verify that the website's Landlord Guide is up to date, as well as update all website information, programs, and forms. The website should be revisited periodically to ensure it provides accurate information.



**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' finding and recommendation.

On December 12, 2015, A&TS Social Services Coordinator met with the Digital Content Administrators to initiate the necessary steps to update and improve A&TS website. Currently, a team of two Eligibility Counselors and two Coordinators are working on revising EFA guidelines and other programs. Digital Content Administrator advised A&TS that once guidelines are finalized then we can proceed to compile information that will be transferred to the website. Once the website is up and running, and in partnership with Digital Content Administrators; A&TS Coordinator will revisit the website periodically to ensure information is up to date and follow LFUCG RCO. At present, A&TS website is disabled and the goal is to finalize the program's guideline by March 1<sup>st</sup>, and a tentative date for the website updates is set to be finalized by April 15<sup>th</sup>.

**Commissioner of Social Services Response:**

I concur with the Director's corrective action plan.

**Finding #18: Representative Payee Program Record Retention Issues Noted**  
**Priority Rating: Moderate****Condition:**

The Social Security Administration requires Social Security Representative Payees to retain all invoices paid on behalf on the clients for two years. We observed that many of these documents were scattered throughout email accounts, some were kept in files, and some were found in the desk area of various employees. We also noted that some client files contained outdated information such as expired leases with inaccurate rent amounts.

**Effect:**

Without proper documentation, it may be difficult for Adult & Tenant Services to demonstrate compliance with the RPP program if examined by the Social Security Administration, possibly leading to closure of the program.



**Recommendation:**

Files should be kept up to date and all invoices or documents regarding Representative Payee Program activity should be placed in each client's file for easy retrieval in the event of an audit.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' comments and recommendation.

Prior to May 2015, a filing procedure had been in place and kept organized for the existence of the program.

Currently, the new Representative Payee Program Administrator is making sure the filing of client's records is kept up to date and will ensure retention of records are kept for two years per Social Security Administration's retention of record guidelines. This finding has been resolved, effective December 2015.

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, with the additional measures:

A ranking Social Worker Senior should be delegated managerial responsibility and authority for the Representative Payee Program (as referenced in my response to Audit Finding #1). The Administrative Specialist Senior and Administrative Specialist should be cross – trained and delegated appropriate support roles to the Representative Payee Program (including collection, disbursement, reconciliation, records retention). Job Analysis Questionnaires (JAQs) for the aforementioned administrative staff positions should be reviewed and modified, as needed.

**Finding #19: Assistance Program Lacks Reporting and Monitoring Controls**  
**Priority Rating: Moderate**

**Condition:**

Management was unable to provide or produce financial assistance program performance measurements such as percentage of loans repaid, percentage of loans not repaid, percentage of loans actively being paid upon, total number of loans, total number of clients, etc. with the exception of the Horizon software that administers



the RPP Program. Assistance program activity is not tracked or summarized to provide for an evaluation of the programs' efficiency, effectiveness, or prudent use of funds.

**Effect:**

The absence of valid performance measurements makes it more difficult for management to access the efficiency and effectiveness of the financial assistance programs.

**Recommendation:**

Adult & Tenant Services management should work with Enterprise Solutions to develop program performance reports that will assist management in monitoring the financial assistance programs. Criteria such as loan pay downs, total amount of assistance given, number of recipients, recipient demographics, etc. should be considered. Management should also determine what additional types of information would be useful to aid them in the management of the programs and take steps to see if these tools can become part of the new database being considered by the Department of Social Services, e.g., an accounts receivable system to manage loan repayment accounts.

**Director of Adult & Tenant Services Response:**

Management agrees with the auditors' finding.

In July of 2015, A&TS began working with the Department of Social Services to create a database that will serve the agency's needs for maintaining client's records. Management works closely with the Accounting Department to maintain financial records in PeopleSoft. We can easily access the record in PeopleSoft to show how many vouchers were submitted and the amount of funds disbursed for internal reporting purposes. We will explore a partnership with Enterprise Solutions to develop a database that would allow our office to better track and maintain client records. Target date May, 2016.

Meanwhile, a temporary worksheet is used internally for data entry and reporting purposes to improve the situation. This system is tracking the number of client being served per month, and will also add the total number of clients, the services requested and amount of financial assistance provided. This is a backup tracking system, in addition to the PeopleSoft system which can track the numbers of paid loans and the number of clients currently paying loans.



Management will add a tracking system to the temporary worksheet to report the total number of loans, total number of loans being paid, and total numbers of loans not paid. This temporary worksheet will be reviewed at the end of each month by the Division Director and Social Services Coordinator to ensure data is entered appropriately and in a timely manner. This process has been updated and in progress, effective January 2016.

**Commissioner of Social Services Response:**

I support the Director's corrective action plan, in anticipation of the Case Management Information System implementation.

**Finding #20: Software Program Not Responsive**

**Priority Rating: Moderate**

**Condition:**

The Horizons software program is used to manage the Representative Payee Program. While on site, we requested a walkthrough of the Horizons program from the Administrative Assistant charged with administering the Representative Payee Program. The employee was unable to activate the program throughout the morning due to technical difficulties. We were informed that this is a common issue with this program. The Horizon system provides RPP client account management services and produces disbursement checks made on behalf of RPP clients.

**Effect:**

Unresponsive Horizon software creates a situation where updates to RPP client account information may be delayed. As noted in other sections of this report, failure to update client files in a timely manner is already an issue that needs to be addressed at Adult & Tenant Services.

**Recommendation:**

We recommend contacting a Horizons technician to troubleshoot and correct the technical difficulties being experienced with Horizon. The Division of Computer Services should also be made aware of this issue.

**Director of Adult & Tenant Services Response:**

Management agrees with this finding.



The Horizon software system has been running slow for months. On December 2015, both Horizon Software and the Division of Computer Services were informed that the system was running slow. To date, both Horizon Software and Computer Services are working together and are troubleshooting for problems with network and program compatibility. Project is in progress.

**Commissioner of Social Services Response:**

I concur with the Director's corrective action plan.

