Fairfax County Internal Audit Office

Department of Family Services
Family Partnership Program Revenue Collection Audit
Final Report

August 2013

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Introduction

In 2010, the Commonwealth of Virginia required Family Partnership Meetings (FPM) as part of the administration of child welfare social services. The Department of Family Services (DFS), Family Partnership Program Office (FPPO) facilitates FPMs for all county human services agencies. The purpose of the meetings is to actively seek the full involvement of families in decisions involving the safety and well-being of their children. Participants in the FPMs include the birth parents, children 10 years or older, case workers, caregivers, service providers, court-appointed child representatives and other parties that may provide information or expertise that may assist in the decision making process. The cost of FPMs is eligible for reimbursement under the Virginia Comprehensive Services Act (CSA).

The FPPO facilitates FPMs referred by case workers and recognizes revenue through an internal invoicing and billing system with Department of Administration for Human Services (DAHS). The invoices are sent to DAHS to record FPPO revenue and CSA expenditures. DAHS subsequently bills CSA for expenditure reimbursement. The referring case workers submit the necessary paperwork to DAHS required by CSA for authorization and funding for FPMs.

To be eligible for reimbursement, CSA requires all FPMs to be approved within 14 days of the services by a Family Assessment and Planning Team (FAPT), a group of representatives independent of the case worker from various county agencies with the authority to access social services requests. Paperwork for CSA reimbursement for the fiscal year must be submitted to CSA by August. FPPO had a staff of seven facilitators and total billable revenue for the Family Partnership Program was $280,706 in FY 2012.

Executive Summary

We found that revenue billings were performed in accordance with the contract rate, proper segregation of duties was in place and revenue received by DAHS from the state was electronically deposited directly in to the county's bank account. However, we noted that a lack of meeting timely documentation requirements by DFS staff involved with carrying out this program led to a potential loss of revenue of over $100,000. Some areas in which controls could be strengthened to reduce future revenue loss were as follows:

- Adequate documentation of follow-up by FPPO on $106,878 of outstanding receivables was not on file. Sixty percent or $64,550 of the outstanding receivables was past the deadline for CSA reimbursement. Due to lack of documentation, it could not be determined whether all CSA administrative requirements for reimbursement were met for the remaining $42,328 balance. Proper follow-up on outstanding receivables will help ensure timely billing and collection to maximize CSA reimbursements.

- In FY 2012, FPPO did not reconcile FPM billing records to revenue reimbursements received. We reconciled FPM records to Harmony, and found $90,673 or 32 percent

less billable revenue recorded in Harmony than in the FPM records. Reconciliations of financial transactions are required by county policy, Accounting Technical Bulletin 020, and help to prevent accounting errors and ensure revenue is properly billed, recorded and collected and to avoid lost revenue due to missed deadlines.

- FPPO did not have adequate documentation to support proper follow-up on non-invoiced FPM purchase orders. Twenty of forty-nine non-invoiced purchase orders were tested. All twenty invoices tested expired on June 30, 2012. FPMs were held, but not invoiced for three items tested. Proper follow-up with the referring social workers on non-invoiced purchase orders will help identify unbilled services and determine the status of FPMs to request possible extensions of time for service on future purchase orders.

FPPO was using a manual recordkeeping system for FPMs in FY 2012. After FY 2012, they developed a database for recordkeeping and tracking of FPMs. The database helps FPPO track and monitor FPM time and activities, billings and past due invoices more effectively.

Scope and Objectives

This audit was performed as part of our fiscal year 2013 Annual Audit Plan and was conducted 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 covered the period of July 1, 2011, through September 30, 2012.The objectives of the audit were to determine that:

- Proper segregation of duties existed in the billing, recording and collection processes.
- Adequate written operating policies and procedures existed.
- Adequate reconciliations and supervisor review of billing and revenue were performed.
- Revenue billings were accurate, complete and performed in a timely manner.
- All revenue due was collected.
- Sufficient follow-up was performed on delinquent amounts due.

Methodology

Our audit approach included interviewing management and staff of areas responsible for billing, recording and collection of revenue for the Family Partnership Program to obtain an understanding of internal controls over Family Partnership Meeting revenues. We also carried out walk-throughs of processes; performed various reconciliations; and obtained samples of purchase orders, invoices, required documentation and related accounting system reports.

Findings, Recommendations, and Management Response

1. Follow-up on Delinquent Accounts

The Family Partnership Program Office (FPPO) did not have documentation of adequate follow-up on amounts past due for FPMs on file. Per FPPO records, the total amount due for FPMs was $106, 878 on March 08, 2013, of which $64,550 or approximately 60 percent was determined to be uncollectable. The collectability of the remaining $42,328 could not be determined. The $64,550 uncollectable amount included FY 2012 amounts due that were not submitted to DAHS for invoice processing prior to CSA's August 2012 reimbursement deadline. FPPO is given revenue credit by DAHS only for CSA reimbursable expenditures. The $42, 328 amounts included FY 2013 amounts due that had not exceeded CSA's reimbursement deadline, but there was not sufficient documentation on file to determine whether FAPT approvals were obtained by the referring social workers, within 14 days of the services, which is required for CSA reimbursement.

If proper follow-up on uncollected amounts due is not performed, it increases the risk of invoices for services not being submitted to DAHS prior to the collection period expiring for CSA reimbursements, causing a loss of county revenue.

Recommendation: We recommend the FPPO submit all invoices for FPMs to DAHS in a timely manner and properly follow-up on uncollected amounts due to minimize delays or forfeiture of expenditure reimbursements. Any delays in the processing or collections caused by the referring social workers should be documented and followed up on by FPPO. Exception reports from the database of overdue invoices should be run and reviewed on a weekly basis to ensure the 14 day FAPT approval requirement is met. All overdue invoices on the report should be explained or resolved.

Management Response: Invoices will be submitted to DAHS no later than the 10th of each month. Monthly reviews of the FPM data report will be performed to insure 14 Day FAPT approval requests for FPMs. Children, Youth and Families (CYF) program managers will conduct weekly reviews of FAPT status with supervisors of referring social workers. A weekly FPP Data report will be generated to verify approval of FPM paperwork by the FAPT. The anticipated completion date is August 8, 2013.

2. Reconciliation of Family Partnership Billing Records to Reimbursements

Neither the Family Partnership Program Office, nor DAHS staff was reconciling FPM submitted invoices to revenue reimbursements received. A reconciliation of FPM records to Harmony performed by IAO showed $90,673 more billable revenue per the FPM records than was recorded in Harmony for FY 2012, a 32% difference. No written documentation was on file to explain the difference. The billable amount per the FPM records was $280,706 and the amount recorded in Harmony was $190,033

The county's *Reconciliation of Financial Transactions* policy Accounting Technical Bulletin (ATB) 020 requires county agencies to perform monthly reconciliations to ensure the validity and accuracy of all transactions. The reconciliation of FPM time and activity records to reimbursements would help to prevent accounting errors, and detect unauthorized and improper transactions related to the reimbursement of FPM expenditures and the billing and recording of amounts due for FPMs.

Recommendation: We recommend the Family Partnership Program Office reconcile FPM time and activity records to amounts invoiced, and FPPO or DAHS oversight staff reconcile amounts invoiced to reimbursements received by FPPO on a monthly basis. Any differences should be accounted for and the reconciliation should be initialed and dated by the preparer and approver.

Management Response: FPM's time and activity reconciling will be completed by the 10th day of each month for the prior month and submitted to DAHS. DAHS will submit a monthly report to FPP of invoiced reimbursements in order for FPPO to compare to their reconciled invoices and complete a monthly reconciliation. The anticipated completion date is August 31, 2013.

3. Follow Up On Purchase Orders Not Invoiced

FPPO did not have documentation of adequate follow-up of non-invoiced FPM purchase orders on file. Twenty of the forty-nine FY 2012 non-invoiced purchased orders were tested. All of the purchase orders tested had FY 2012 end dates. FPPO did not have adequate documentation on file to determine the status of the non-invoiced purchase orders tested. Based on notes in Harmony and discussions with referring social workers, FPMs were not held for fifteen of the purchase orders tested, FPMs were held for three and status information was not file for two items tested. Twelve of the expired purchase orders were not deleted from Harmony.

Proper monitoring and follow-up on non-invoiced purchase orders helps to ensure timely invoicing of services and submission of invoices to DAHS within the time period for CSA reimbursement. Also, proper follow up helps to identify FPMs that have not been performed for possible inquiry with the referring social workers to determine if all required paperwork has been submitted or whether the period for services should be extended on a subsequent purchase order.

Recommendation: We recommend FPPO monitor and follow up on all non-invoiced FPM purchase orders. All issues related to non-invoiced purchase orders, including timely invoicing, submission of invoices to DAHS, FPM cancellations, and extensions of FPM service periods, should be resolved in a timely manner. FPPO should make requests to DAHS to delete expired and unneeded purchase orders from Harmony to prevent use after expiration. A report of all the non-invoiced purchase orders should be run and reviewed on a periodic basis. All POs on this report should be explained or resolved.

Management Response: The FPM weekly data report will indicate all non-invoiced purchase orders. FPPO will contact supervisors of referring social workers to determine

if purchase order closures are necessary. FPPO will request DAHS to terminate all expired purchase orders when detected in the FPP data base. A quarterly report of all non-invoiced purchase order will be reviewed by FPPO with documentation of the resolution. The anticipated completion date is August 31, 2013.