



City of Albuquerque

Office of Internal Audit

THIRD FOLLOW-UP DEPARTMENT OF FAMILY & COMMUNITY SERVICES HEALTH AND SOCIAL SERVICE CENTERS REPORT NO. 20-12-107F DECEMBER 11, 2019

INTRODUCTION

The Office of Internal Audit (OIA) performed a third follow-up of Performance Audit No. 12-107, Department of Family & Community Services (DFCS), Health and Social Service Centers (HSSC). The purpose of the follow-up is to report the progress made by the DFCS in addressing the audit findings and recommendations, which remained “In Process” or “Not Implemented” after the second follow-up.

The scope was limited to actions taken to address the audit recommendations from the date of the second follow-up report dated December 9, 2015 through November 26, 2019. Comprehensive follow-up procedures rely on the department providing the current status and supporting documentation for addressing the recommendations.

BACKGROUND

HSSCs were conceived as one-stop-shops for the convenience of low to moderate income residents needing health, education and social services. Each of the four HSSCs is strategically located to service a quadrant of the City. HSSCs lease center space to a variety of not-for-profit and medical organizations that are designed to serve the communities in which they are located.





The HSSCs administer two federally funded programs. The Eviction Prevention Program is funded through the Department of Housing and Urban Development’s Community Development Block Grant. The grant is equally portioned to each of the four HSSCs. The Emergency Food Assistance Program provides funds that each HSSC site uses to administer food commodity allocations.

HSSCs directly accept non-monetary donations, but not monetary donations. Monetary donations are accepted by HSSC fiscal agents and the Roadrunner Food Bank (RFB). In turn, fiscal agents dispense the funds as directed by each HSSC, or food products can be purchased from RFB to support HSSC food dispensing programs.




SUMMARY




Of the five recommendations remaining in the second follow-up, four of the five have been fully implemented or resolved and one is in process.




The status of each recommendation is identified by the symbols in the following legend:

-  Fully Implemented
-  Resolved
-  In Process
-  Not implemented




Recommendation	1
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
<p>Original Report Recommendation</p>	<p>DFS should:</p> <ul style="list-style-type: none"> • Establish and maintain lease contract or Memorandum of Understanding (MOU) for all HSSC property occupants. • Raise lease rates to help offset the costs of increased utility and facility maintenance burdens paid by the City on behalf of property occupants. • Create and implement comprehensive policies and procedures for managing HSSC property lease activities, including the requirements mandated by AI 2-2. • Collect delinquent lease account revenue and ensure A/R oversight procedures are performed in accordance with City regulations. Department of Finance and Accounting Services (DFAS) should not have to assume these responsibilities for DFCS.
<p>Status as of First Follow-Up</p>	<p> In Process</p> <p>DFCS has partially implemented the recommendations by starting to update the lease agreements, and requesting that lease payments be added to the accounts receivable system; however, only one new lease agreement has been signed, and no estimate is available as to when the other three lease agreements are expected to be finalized. The lease agreement with United South Broadway Corporation (USBC) has been provided to the Accounts Receivable Division to be entered into the system.</p>
<p>Status as of Second Follow-Up</p>	<p> In Process</p> <p>DFCS received an opinion from the City's Legal Department regarding the lease rates. While DFCS is working with DFAS Real Property Division to calculate the rent to be charged to lessees, the rent will be based on the operational costs of the space and not market rates. As pending lease agreements are approved and executed, they will be entered into the Accounts Receivable System for payment tracking.</p>
<p>Current Status</p>	<p> Fully Implemented</p> <p>DFCS has established 14 active leases with the HSSC property occupants that are included in Peoplesoft's Accounts Receivable System. Included in the list is the one MOU with the City's Fire Rescue. DFCS maintains a listing of lease information, including the subsequent years' annual rent increases.</p>

Recommendation	2
Original Report Recommendation	DFCS should: <ul style="list-style-type: none"> • Establish fiscal agent and not-for-profit contracts or MOUs for all HSSC collaborations. • Create and implement comprehensive internal controls that enable the department to manage fiscal agent activity, especially monetary accounts managed on behalf of the City. • Challenge USBC's \$7,804 fund balance adjustment until USBC can justify the validity and provide supporting documentation for all unallocated expense items. • Create and implement an interim approval process with USBC for the disbursement of donation funds held on behalf of the City. • Ensure all disbursements from USBC support the mission and purpose of HSSCs.
Status as of First Follow-Up	 In Process DFCS has partially implemented the recommendation by having the policies and procedures for the Trust and Agency account approved by DFAS. This allowed them to start the process to move the funds from Legacy Church to the newly established Trust and Agency account, eliminating the need for a fiscal agent. This process has been put on hold until the City's Treasury Division and the new banking institution can determine the best avenue for completing this. There is no documentation to support that requests for the disbursement of funds from the USBC account are to be reviewed and approved by the Department Director, as the approval was verbal. According to DFCS, the disbursements from the USBC account were halted in December 2012. DFCS implemented the requirement that all disbursements are to adhere to the mission and goals set forth by DFCS. DFCS has not received the requested \$7,804 from USBC. According to the DFCS Director, he intends to follow-up with the Legal Department for collection activity related to the requested \$7,804 from USBC.
Status as of Second Follow-Up	 In Process DFCS has not completed the transfer of funds from Legacy Church to the Trust and Agency account set up with the City's Fiscal Agent due to an administration change within Legacy Church. No further action has been taken to follow-up on the requested return of \$7,804 from USBC.
Current Status	 In Process DFCS has implemented a Trust and Agency Account at the City's Fiscal Agent. However, no further action has been demonstrated to collect on the \$7,804 due from USBC.

Recommendation	3
Original Report Recommendation	DFCS should: <ul style="list-style-type: none"> • Create and implement comprehensive internal controls that ensure and demonstrate City resource allocations were delivered to the department's intended recipients. • Retain sufficient supporting documentation that allows third parties to verify the accuracy of the agency's allocations. • Perform program monitoring activities to ensure uniformity and consistency among HSSC resource allocation programs and City systems.
Status as of First Follow-Up	 In Process DFCS has partially implemented the recommendations by using the Federal Income Guidelines to qualify registrants for The Emergency Food Assistance Program, and has created and adopted a policy to address the inconsistency in the operations of the HSSCs. However, no policy has been created to address the requirements for retaining supporting documentation.
Status as of Second Follow-Up	 In Process DFCS has updated policies and procedures to reflect the specific requirements for each of the Income Eligible Services available. In addition, requirements for retaining supporting documentation have been added in the updated policies and procedures and include retaining hard copy files "for the past three (3) consecutive years for reference and audit tracking purposes." According to DFCS, hard copy files include the signed and dated client application for assistance. However, DFCS did not address the status of program activity monitoring.
Current Status	 Fully Implemented DFCS has quarterly summaries for the Eviction Prevention and Social Services Programs to support program activity monitoring along with individual program support of resource allocation.

Recommendation	4
Original Report Recommendation	DFCS should: <ul style="list-style-type: none"> • Create and implement comprehensive internal controls that ensure consistent policies, procedures and documents are followed/used for donation acceptance activities. • Train all HSSC employees on created policies and procedures when complete. • Ensure all non-monetary donation documents contain statements to inform the donors that they are solely responsible for the stated value on the donation documents.

	<ul style="list-style-type: none"> • Correct the statement contained on Los Griegos' donation documents that indicates the City is a 501(c)(3) with the correct IRS classification of 501(c)(1). • Work with the City's Treasury Department to establish accounts that would enable each HSSC to accept and disburse monetary donations. • Such accounts must be non-reverting and ensure donations are allocated to the designated HSSC.
Status as of First Follow-Up	 In Process <p>DFCS has partially implemented the recommendations by creating and using documents for donations. The donation policy is under review by the HSSC managers; final approval will come from the DFCS Director. The non-monetary receipts have been updated to include language that indicates the responsibilities of the donor for item valuation, and to correctly list the City of Albuquerque as a Government Municipality - 501(c)(1). The Trust and Agency Policy addresses the allocation of the donation to the designated HSSC. However, training has yet to be provided on the use of the donation documents. Training is contingent on the approval and implementation of the Donation policy. As discussed previously in Recommendation #2, the process for creating separate funding strings is on hold until the City's Treasury Division and new banking institution can determine the best avenue for completing this.</p>
Status as of Second Follow-Up	 In Process <p>DFCS updated and approved the Donation Policy and Procedure for use by the Department and HSSCs on November 3, 2015. Donation forms have been updated to include the City's designation as a municipal organization under Internal Revenue Code 170(c)(1) and include a statement that the estimated value of the donation line is to be completed by the donor only. DFCS states the Trust and Agency account, including separate funding strings, was established. However, the status of the training for HSSC employees on the donation policies and procedures was not addressed.</p>
Current Status	 Fully Implemented <p>DFCS established Donation Policy and Procedure for use by the Department and HSSCs on November 3, 2015. HSSC Managers were trained on the Donation Policies in November 2015.</p>
Recommendation	5
Original Report Recommendation	<p>DFCS should:</p> <ul style="list-style-type: none"> • Ensure HSSC management performs annual employee performance evaluations and specifically rates the performance of each HSSC employee.

	<ul style="list-style-type: none"> • Ensure HSSC managers create and perform additional employee performance controls, in addition to the annual employee performance evaluation, that would allow the department to detect fraud, waste or abuse of City assets by HSSC staff. • Work with the Human Resource Department to determine if HSSC positions should be classified as safety sensitive. • Ensure HSSC managers with supervisory functions comply with disciplinary actions outlined by regulations in instances of employee fraud, waste or abuse.
<p>Status as of First Follow-Up</p>	<p> In Process</p> <p>DFCS has partially implemented the recommendations by completing 5 of the 13 HSSC employee evaluations within the past fiscal year (FY 2014) or current fiscal year (FY 2015). However, none of the employee evaluations were provided to HR as required by Administrative Instructions 7-32-1 and 7-32-2.</p>
<p>Status as of Second Follow-Up</p>	<p> In Process</p> <p>DFCS states the HSSC employee evaluations are up-to-date. HR requested that departments retain initial evaluations instead of sending to HR as expressed in Administrative Instructions 7-32-1 and 7-32-2. DFCS did not address the status of whether HSSC positions were determined to be safety sensitive.</p>
<p>Current Status</p>	<p> Fully Implemented</p> <p>DFCS staff positions were evaluated by DFCS Personnel Office and staff positions are not classified as safety-sensitive.</p>

Third Follow-up
Department of Family and Community Services
Health and Social Service Centers
December 11, 2019

20-12-107F

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