

AUDITOR'S REPORT

HARRIS HEALTH SYSTEM COMMUNITY HEALTH CENTER COLLECTIONS FOLLOW-UP



October 29, 2015

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BARBARA J. SCHOTT, C.P.A.
HARRIS COUNTY AUDITOR

October 29, 2015

Mr. George Masi
President and Chief Executive Officer
Harris Health System
2525 Holly Hall
Houston, Texas 77054

RE: Harris Health System Community Health Center Collections Follow-up as of November 30, 2014

The Audit Services Department (Audit Services) performed procedures to evaluate the progress Harris Health System (Harris Health) has made implementing material recommendations reported to you in the Auditor's Report for *Harris Health System Community Health Center Collections*, dated June 27, 2013 (Clinic Collections Engagement). Our procedures included the following:

- Met with Patient Access Management (PAM) and Patient Financial Services Management and inquired regarding the status of implementation of material recommendations.
- Based on management's response, procedures were performed where necessary to confirm implementation of material recommendations for:
 - Reviewing, approving, and documenting refunds.
 - Reviewing, approving, and documenting payment error corrections.
 - Securing cash collected, change funds, and cash drawers.
 - Securing and periodically changing combinations to safes where funds are kept overnight and on weekends.
 - Security cameras, panic buttons, and security procedures.
 - Ensuring patients are informed to request a receipt when making a payment.
 - Monitoring the use of manual receipts during system downtime.
 - Monitoring reported payment discrepancies.
 - Monitoring cash overages and shortages.
 - Monitoring collections by PAM Supervisors.
 - Complying with Payment Card Industry Data Security Standards.

The engagement process included providing you with a combined engagement and scope letter and conducting conferences with your personnel. The purpose of the letter and conferences were to explain the process, identify areas of concern, describe the procedures to be performed,

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President and Chief Executive Officer

discuss issues identified during the engagement, and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

The work performed required our staff to exercise judgment in completing the scope objectives. As the procedures were not a detailed inspection of all transactions, there is a risk that error or fraud was not detected during this engagement. Management therefore, retains the responsibility for the accuracy and completeness of their financial records and ensuring sufficient controls are in place to detect and prevent fraud.

The enclosed Auditor's Report presents the status of Management's progress implementing material recommendations identified during the Clinic Collections Engagement. Less significant issues and recommendations have been verbally communicated to your staff.

We appreciate the time and attention provided by you and your staff during this engagement.

Sincerely,



Barbara J. Schott
County Auditor

cc: Harris Health System Board of Managers
District Judges
County Judge Ed Emmett
Commissioners:
 R. Jack Cagle
 El Franco Lee
 Jack Morman
 Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson

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OVERVIEW

Follow-up procedures were performed to evaluate management's progress in implementing material recommendations included in the Auditor's Report for the Clinic Collections Engagement.

RESULTS

Based on the procedures performed, the status of implementing material recommendations that were reported in the Clinic Collections Engagement is summarized on the schedule below. The issues and recommendations where the implementation status is green have been fully implemented by PAM. The issues and recommendations where the implementation status is yellow are discussed in greater detail in the Issues and Recommendations matrix.

Clinic Collections Engagement Recommendations	Implementation Status
Establish a process to ensure PAM Staff are complying with critical controls procedures when they refund money to patients.	Complete
Develop and implement procedures for the review/approval of transactions to correct payment posting errors recorded by PAM Staff.	Complete
Develop and implement additional controls for securing change fund cash and cash collected from patients.	Complete
Develop and implement additional controls for securing the safes that hold change funds and cash collected at the Clinics.	Complete
Increase the change fund at one Clinic and ensure daily deposits are secured after they are prepared at all Clinics.	Complete
Develop and implement formal procedures for performing random surprise counts of PAM Staff cash drawers.	Complete
Ensure patients are informed that they should receive a receipt when they make a payment by displaying signs with a copy of the receipt form.	Complete
Begin monitoring and investigating trends for complaints made by patients that payments are not posted correctly to their accounts.	Complete
Improve controls for investigating cash overages or shortages when PAM Staff perform their daily cash closeouts.	Complete
Formally document procedures for the Harris Health Department of Public Safety (Security) escorting PAM Staff that are transporting cash to ensure consistency at all Clinics.	Complete
Update and provide training on procedures for securing manual receipts that the Clinics hold as a backup in case automated receipts from cash collection system are not available.	Complete
Upgrade credit card processing at one site to comply with Payment Card Industry Data Security Standards.	Complete
Develop and implement procedures for independently verifying the daily cash closeouts prepared by PAM Supervisors that perform cashier duties.	Complete
Periodically test access to restricted areas to ensure entry codes and badge access is properly controlled.	In Process
Assess current camera placements to determine if adjustments are required or if new cameras should be added.	In Process

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
<p>Inappropriate Physical Access</p>	<p>PAM Management, in conjunction with Security Management, should periodically test access to restricted areas and ensure assignment of entry codes and badge access is properly controlled.</p> <p>Three types of access controls are used at the Clinics as follows:</p> <ul style="list-style-type: none"> • Employee badge access. • Electronic keypad access. • Traditional key access. 	<p>A process for periodic testing of access has not been fully implemented. At one of three Clinics visited, it was observed that a Harris Health employee from a different Clinic and an Audit Services employee were both able to use their badges to access a restricted area.</p> <p>Not properly monitoring access to restricted areas increases the risk of losses due to misappropriation of funds and possible unauthorized disclosure of protected health information.</p>	<p>PAM Management, in conjunction with Security Management, should document the type of access controls used at each cash collection site (i.e. badge, keypad, or key access) and perform the following procedures:</p> <ul style="list-style-type: none"> • For collection sites with employee badge access, periodically obtain reports from Security and review to verify that only the badges of authorized and appropriate personnel can access the restricted areas. • For collection sites with electronic keypad access, maintain a record of how frequently the access codes for the keypads are changed. Also, ensure that access codes are changed when there is employee turnover. 	<p>PAM Management accepts these recommendations and offers the following updates:</p> <p>Employee Badge access – PAM Management requested routine audit reports from Security Management. Once received, PAM Management updated the access list to include only CHP registration staff and delete staff from all other areas then returned it to Security Management to revise. Security updated the list on May 15, 2015. In addition and as of 6/12/2015, the Security Dept. generates a monthly badge access report for PAM Management review.</p> <p>Electronic keypad access- PAM Management will coordinate with Security Management to rekey all keypads again and formally</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
(Continued) Inappropriate Physical Access			<ul style="list-style-type: none"> For collection sites with traditional key access controls, ensure that a log is maintained accounting for all outstanding keys and consider rekeying areas if keys are lost or not returned when employees leave. 	<p>document by target date 9/15/2015. A semi-annual audit will be coordinated between PAM and Security Management thereafter. The target date for the first audit will April 1, 2016.</p> <p>Traditional Key access-Security and PAM Management will reconcile the traditional door lock keys assigned to each site. Security personnel will rekey the locks and redistribute keys as necessary by target date 10/1/2015. PAM Management will conduct semi-annual audits going forward. The target date for the first audit is April 1, 2016.</p>
Security Cameras	PAM Management, in conjunction with Security Management, should assess current camera placements to determine if adjustments are required or if new cameras should be added.	PAM Management informed us that requests for camera images were not available for investigations on two occasions because no recordings were available or the video	PAM Management, in conjunction with Security Management, should develop and implement a process for routinely testing security cameras to ensure that they are recording and	PAM Management accepts this recommendation and offers the following update: Security Management has scheduled a monthly meeting with PAM Management to discuss the placement and

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
(Continued) Security Cameras		<p>quality was not adequate.</p> <p>In addition, there are no written guidelines regarding the placement of security cameras at the Clinics.</p> <p>Not periodically testing camera placements and views, including whether images are clear and cameras properly recording, increases the risk that Security employees may not be timely alerted of incidents and that investigations to resolve cash shortages or patient payment issues could be hindered.</p>	<p>the images are of adequate quality.</p> <p>In addition, discussions should occur between PAM Management and Security Management to develop guidelines to be followed for security cameras and other security measures.</p>	<p>functionality of the site cameras. The first meeting was held on 6/18/2015. Security Management has opted to include the Security Supervisors to attend the subsequent meetings as well.</p> <p>Additionally, Security Management provided guidelines to PAM Management regarding the use and testing of the panic alarms on 6/12/2015. Security personnel will test the panic buttons and provide feedback to PAM Management on a monthly basis. The target implementation date is 9/30/2015.</p>