



CITY OF SAN ANTONIO

P. O. BOX 839966
SAN ANTONIO TEXAS 78283-3966

May 10, 2012

Julián Castro
Mayor

Diego M. Bernal
Councilman, District 1

Ivy R. Taylor
Councilwoman, District 2

Leticia Ozuna
Councilwoman, District 3

Rey Saldaña
Councilman, District 4

David Medina, Jr.
Councilman, District 5

Ray Lopez
Councilman, District 6

Cris Medina
Councilman, District 7

W. Reed Williams
Councilman, District 8

Elisa Chan
Councilwoman, District 9

Carlton Soules
Councilman, District 10

SUBJECT: Audit Report of San Antonio Metropolitan Health Department WIC Program Grant

Mayor and Council Members:

We are pleased to send you the audit report of the WIC Program Grant. This audit began in August 2011 and concluded with an exit meeting with department management in March 2012. Management's verbatim response is included in **Appendix B** of the report. The San Antonio Metropolitan Health Department should be commended for its cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully submitted,

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
City of San Antonio

Distribution:

Sheryl L. Sculley, City Manager
Erik Walsh, Deputy City Manager
Ben Gorzell, Chief Financial Officer
Dr. Thomas Schlenker, Director, San Antonio Metropolitan Health Department
Michael D. Bernard, City Attorney
Leticia M. Vacek, City Clerk
Robbie Greenblum, Chief of Staff, Office of the Mayor
Jaime Castillo, Communications Director, Office of the Mayor
Frances A. Gonzalez, Assistant to the Mayor, Office of the Mayor
Edward Benavides, Chief of Staff, Office of the City Manager
Donald Crews, Audit Committee Member
Stephen S. Penley, Audit Committee Member

CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of San Antonio Metropolitan Health Department

WIC Program Grant

Project No. AU11-004

May 10, 2012

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan, we conducted an audit of the Women, Infants and Children (WIC) grant administered by the San Antonio Metropolitan Health Department (Metro Health). The audit objective, conclusions, and recommendations follow:

Is the grant administered in accordance to Federal, State, and local requirements?

Yes, overall Metro Health is administering the WIC grant in accordance to Federal, State and local requirements. We determined that grant participants were eligible and staff adhered to State certification requirements. In addition, grant expenditures were reasonable, accurately recorded, and had appropriate document support. Finally, request for reimbursements were submitted accurately, timely and with the appropriate information.

While eligibility, expenditure and reimbursement requirements were met, we observed several administrative areas in need of improvement. We identified the lack of formal written internal policies and procedures, non-compliance to the City's Light Duty Program,¹ and insufficient inventory documentation. In addition, we observed a lack of oversight of the time recording process and reconciliation requirements. Finally, we noted untimely posting of expenditures, which occurred subsequent to the grant close out period.

We recommend the Director of Metro Health ensure that:

- Formal internal policies and procedures are developed and maintained to manage the fiscal aspect of the grant process.
- WIC staff fully complies with Administrative Directive (AD) 4.37 - *Light Duty Program*.
- WIC staff properly documents annual inventories for grant related assets in accordance to AD 8.10 - *Financial Management of Grants*.
- WIC clinic supervisors properly monitor documentation requirements for staff attendance and follow consistent procedures for time recording. Also, consult with Finance and ITSD to attempt an earlier implementation of the Kaba timekeeping system.
- WIC staff follows established Electronic Benefit Transfer (EBT) card reconciliation procedures.

We also recommend the Director of Finance ensure that:

¹ The Light Duty Program is intended to temporarily use permanent full-time employees to perform light duty work while recovering from injuries, which prevent full participation at work.

Finance, in coordination with City departments, manages the locking and opening of grants after the close out period in accordance to AD 8.10.

Management agreed with all recommendations and has developed an appropriate action plan. Metro Health and Finance Management's verbatim responses are in **Appendix B** on page 8.

Table of Contents

Executive Summary	i
Background.....	1
Audit Scope and Methodology	2
Audit Results and Recommendations	3
WIC Administrative Management.....	3
A. No Internal Policies and Procedures.....	3
B. Not Utilizing Light Duty Provisions	3
C. Not all Asset Inventories Documented.....	4
Clinic Oversight	4
D. Appropriate Eligibility and Certification	4
E. Time Recording Not Consistently Documented	4
F. Inconsistent EBT Card Reconciliations	5
Fiscal Administration	5
G. Proper Management of Allowable Expenditures.....	5
H. Appropriate Management of Reimbursements	6
I. Untimely Postings of Grant Expenditures.....	6
Appendix A – Staff Acknowledgement.....	7
Appendix B – Management Response.....	8

Background

San Antonio Metropolitan Health Department (Metro Health) is the single public agency charged by State Law, City Code and County Resolution with the responsibility for public health programs in San Antonio and the unincorporated areas of Bexar County. Metro Health seeks to prevent illness and injury, promote healthy behaviors and protect the health of all residents and visitors. This aim is accomplished through a broad array of public health programs and services, each with specific health improvement goals, including the Women, Infants, and Children (WIC) program.

WIC is the non-emergency Special Supplemental Nutrition Program for Women, Infants, and Children. WIC participants can receive food benefits, nutrition education, counseling, breastfeeding support, and health care referrals at no cost. WIC services are available to pregnant, postpartum, and breastfeeding women, and infants and children under the age of five years old. WIC is a Federal grant program that provides funds to State agencies. The Department of State Health Services (DSHS) oversees the program for the State of Texas and Metro Health administers the program for the City of San Antonio.

Table 1 illustrates the total grant award amounts and actual expenditures for fiscal years (FY) 2010 and 2011.

Table 1 - WIC Awards and Expenditures

WIC Grant Year	Award Amount	Actual Expenditures
FY 2011	\$6,926,644	\$6,353,701
FY 2010	7,473,247	6,678,211
Total	\$14,399,891	\$13,031,912

Audit Scope and Methodology

The audit scope included WIC related financial and operational activity for FY 2010 and FY 2011.

We interviewed Metro Health personnel. We also observed processes and reviewed relevant documentation, including AD 8.10 - *Financial Management of Grants*, AD 4.37 – *Light Duty Program*, AD 4.2 – *Workplace Attendance* and the WIC Program Grant Terms. DSHS grant guidelines and other relevant policies and procedures were reviewed to gain an understanding of the WIC program.

We selected a judgmental sample of 4 out of 11 clinics for inclusion in the eligibility, EBT card, and time recording reviews. We used a statistical attribute sampling methodology to obtain a random population of participants and reviewed participant file documentation to determine program eligibility. In addition, we accounted for EBT cards by conducting physical counts and reviewed requiring documentation. Finally, we reviewed time recording document support to determine the accuracy of personnel costs.

We used a judgmental sampling methodology to obtain a sample of grant expenditures and reimbursement requests. Source documents such as invoices, receipts, and other documents were reviewed to determine if expenditures were reasonable, accurately recorded, and appropriately supported. We also reviewed reimbursement request documentation and researched SAP information to determine if requests were submitted timely, accurately and with appropriate documentation.

We relied on computer-processed data from SAP and compared it to source documents to determine if grant expenditures were appropriate and if reimbursement requests were accurate and timely. Additionally, we relied on computer-processed data from the Texas WIC Information Network system to obtain populations of participants. We performed direct tests on the data rather than evaluate the system's general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

This audit was conducted from August 2011 to February 2012 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 audit results and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

Audit Results and Recommendations

WIC Administrative Management

A. No Internal Policies and Procedures

Metro Health does not have formal written internal policies and procedures established for managing the fiscal aspect of the WIC grant. AD 8.10 - *Financial Management of Grants* requires all departments administering grants to maintain, review, and update their respective policies and procedures related to grants management. The lack of formalized internal policies and procedures may lead to the inconsistent or inadequate management of grants.

Recommendation

The Director of Metro Health should ensure that formal internal policies and procedures are developed and maintained to manage the fiscal aspect of the WIC grant process.

B. Not Utilizing Light Duty Provisions

Metro Health is not following State and local guidelines related to employees eligible to return to work with light duty restrictions. WIC employees eligible to return to work with light duty restrictions were not accepted but placed back on worker's compensation leave.

According to the States' Uniform Grant Management Standards, the cost of regular compensation paid to employees during periods of authorized absences from the job such as leave and other similar benefits are allowable, if they are provided under established written leave policies. AD 4.37 - *Light Duty Program*, states that if an employee is eligible for light duty as a result of medical examination, employees shall be placed with the home department if a light duty assignment is available. In this case, assessments of available light duty assignments were not performed.

Not fully utilizing this program may contribute to inefficiencies of service due to lack of staffing and a potential unnecessary increase in worker's compensation costs.

Recommendation

The Director of Metro Health should ensure WIC staff fully complies with AD 4.37 - *Light Duty Program*.

C. Not all Asset Inventories Documented

Assets such as equipment purchased with grant funds and issued by the State were documented and inventories were conducted for the last two years. However, the inventories completed for other assets, such as office furniture were not appropriately documented. According to AD 8.10 - *Financial Management of Grants*, equipment records must be adequately maintained and a physical inventory of equipment must occur at least once every two years unless an alternative length is specified by the grant. In addition, inventory observations must be reconciled to equipment records with changes made to records as needed. The lack of appropriate inventory documentation makes potential losses due to misappropriation difficult to detect.

Recommendation

The Director of Metro Health should ensure that WIC staff properly document annual inventories conducted for grant related assets in accordance to AD 8.10 - *Financial Management of Grants*.

Clinic Oversight

D. Appropriate Eligibility and Certifications

Of the clinics tested, we determined that staff followed grant requirements and participants were eligible under the WIC program. We selected a judgmental sample of 4 out of 11 clinics for review and obtained 4 random samples of 25 for an overall sample size of 100 participants. Based on the participants tested, we determined that grant participants were eligible under the WIC Program. In addition, WIC staff adhered to grant certification requirements and retained the required documentation.

Recommendation

None

E. Time Recording Not Consistently Documented

WIC staff were not consistently recording time attendance. We reviewed personnel costs for 36 employees for the month of August 2011. We identified 64 instances totaling 504 hours of unsupported employee shifts. Specifically, 61 employee work shifts were not recorded on daily Clinic Sign In Sheets. Additionally, three individual's shifts were not supported with a Notice of Leave (NOL) form.

Employees are required to document their time worked on a daily Clinic Sign In Sheet. In addition, AD 4.2 – *Workplace Attendance* requires employees to complete a NOL prior to any scheduled absence.

Clinic supervisors are not reviewing attendance documentation on a daily basis. In addition, clinic supervisors are not following consistent procedures for the recording of employee time on Monthly Time Sheets. Moreover, Metro Health is currently using an archaic manual time recording system for WIC program staff.

Metro Health has chosen to participate in the Citywide Time Administration Project, which is a joint effort by Finance and Information Technology Services Departments (ITSD) to standardize and streamline timekeeping processes Citywide. As part of this effort, the City has contracted with Kaba Benzing, Inc (Kaba). to develop a time clock that will interface directly with SAP and eliminate the need for data entry. However, the planned implementation date for the new Kaba timekeeping system in Metro Health is not until 2014.

If time documentation is not properly monitored, WIC management may be unable to hold employees accountable for time worked. In addition, it may result in inaccurate compensation and personnel costs reported to the granting agency.

Recommendation

The Director of Metro Health should ensure WIC clinic supervisors properly monitor documentation requirements for staff attendance and follow consistent procedures for time recording. Also, consult with Finance and ITSD to attempt an earlier implementation of the Kaba timekeeping system.

F. Inconsistent EBT Card Reconciliation

One out of the four clinics reviewed was not performing daily reconciliations of the EBT cards. We conducted an inventory of 1,219 EBT cards assigned to four clinics. Although all EBT cards were accounted for, one out of the four clinics reviewed was not following local guidelines for conducting daily reconciliations of EBT cards. Local guidelines require the clinic supervisors or assigned staff complete a daily reconciliation of EBT cards and document the results in the Daily Balance Summary Log. The lack of daily reconciliations may contribute to the unidentified loss of EBT cards.

Recommendation

The Director of Metro Health should ensure all WIC staff follow established EBT card reconciliation procedures.

Fiscal Administration

G. Proper Management of Allowable Expenditures

WIC staff were properly managing grant expenditures. We judgmentally selected all expenditures posted during the month of August 2011. We reviewed 165 expenditure amounts totaling \$570,059. We determined that WIC expenditures

were reasonable, accurately recorded and had the appropriate document support.

Recommendation

None

H. Appropriate Management of Reimbursements

WIC staff were adhering to guidelines for grant expenditure reimbursements. We judgmentally selected all reimbursement requests for the months of April through September 2011. We reviewed 38 reimbursement requests valued at \$3,275,992. We determined that WIC staff submitted all reimbursement requests accurately, timely and with the appropriate documentation.

Recommendation

None

I. Untimely Postings of Grant Expenditures

City employees posted transactions to the FY 2010 WIC grant untimely. We identified 32 transactions posted subsequent to November 30, 2011, the grant's close out period. The most recent posting occurred nine months past the close out period. In addition, the FY 2010 grant remained unlocked in the SAP system as of August 2011.

AD 8.10 – *Financial Management of Grants* requires Finance to lock grants after the close out period. Additionally, requests for grants to be reopened must be initiated from the Grantee's lead departmental fiscal staff with proof in hand to validate the necessity of opening the grant. Requests for opening grants from other sources are not to be honored.

The posting of transactions subsequent to the grant close out period may result in the inaccurate accounting of grant expenditures. Additionally, transactions posted to the incorrect grant period may result in the loss of funds reimbursed to the city.

Recommendation

The Director of Finance should ensure that Finance, in coordination with City departments, manage the locking and opening of grants after the close out period in accordance to AD 8.10 - *Financial Management of Grants*.

Appendix A – Staff Acknowledgement

Brian K. Williams, MBA, CFE, CIA, CGAP, Audit Manager
Buddy Vargas, MBA, CFE, Auditor-in-Charge
Sylvia Esparza, MBA, CFE, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

April 16, 2012

Kevin W. Barthold, CPA, CIA, CISA
 City Auditor
 San Antonio, Texas

RE: Management's Corrective Action Plan for the WIC Program Grant Audit

San Antonio Metropolitan Health Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
A	<p>No Internal Policies and Procedures</p> <p>The Director of Metro Health should ensure that formal internal policies and procedures are developed and maintained to manage the fiscal aspect of the WIC grant process.</p>	3	Accept	Christine Rutherford-Stuart, Assistant Director for Community Health	5/1/12
<p>Action plan: At the time of this audit the WIC program did not have a program policy manual to guide the application of CoSA and WIC grant policies to the fiscal administration of the WIC program. WIC staff relied on separate policy guidance documents from DSHS and CoSA Administrative Directives. To address this issue, the WIC program manager and her staff have drafted an internal processes and procedures manual regarding the fiscal management of the WIC grant process. This document incorporates all guiding policies within CoSA and the DSHS WIC policies to assure clear guidance is in place to inform WIC program staff. This document will be reviewed and approved by Metro Health leadership and implemented by May 1, 2012. This document will be reviewed annually and updated as needed at the start of each grant fiscal year to ensure that it is reflective of any CoSA or DSHS policy and procedural updates.</p>					

Appendix B – Management Response (continued)

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
B	<p>Not Utilizing Light Duty Provisions</p> <p>The Director of Metro Health should ensure WIC staff fully complies with AD 4.37 - <i>Light Duty Program</i>.</p>	3	Accept	Christine Rutherford-Stuart, Assistant Director for Community Health	5/1/12
<p>Action plan: A WIC program policy has been drafted with the assistance of HR to specify the process for identifying and placing employees for light duty in compliance with AD 4.37 and WIC grant guidelines. Employees that qualify for light duty placement will be evaluated for placement in a temporary assignment within the WIC program. If the employee can not be placed within the WIC program due to restrictions; then placement within the department will be considered. This policy will be implemented May 1, 2012.</p>					
C	<p>Not all Asset Inventories Documented</p> <p>The Director of Metro Health should ensure that WIC staff properly document annual inventories conducted for grant related assets in accordance to AD 8.10 - <i>Financial Management of Grants</i>.</p>	4	Accept	Christine Rutherford-Stuart, Assistant Director for Community Health	5/1/12
<p>Action plan: Inventory forms have been revised to ensure that all pertinent data (as per AD 8.10) is recorded when inventories are conducted. Inventory forms include: date inventory was conducted, name of person conducting inventory, asset tag numbers, a description of the item, serial #, unit cost, asset life, funding source, and location of the item. All staff that participate in the inventory process have been retrained on the required forms as of April 10, 2012. The physical inventory will be completed by April 30, 2012. Thereafter, an annual inventory will be conducted and reconciled to prior year inventories and all items disposed of will be properly documented.</p>					

Appendix B – Management Response (continued)

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
D	<p>Time Recording not Consistently Documented</p> <p>The Director of Metro Health should ensure WIC clinic supervisors properly monitor documentation requirements for staff attendance and follow consistent procedures for time recording. Also, consult with Finance and ITSD to attempt an earlier implementation of the Kaba timekeeping system.</p>	5	Accept	Virginia Cobarrubias, Assistant to the Director	4/30/12
<p>Action plan: WIC management staff has revised the forms and procedures for timekeeping to improve documentation and standardize time recording and reconciliation. Training on these new procedures was provided to WIC managers on March 7, 2012 and training to all staff was completed by individual clinic supervisors during March 2012. Revised forms that have been implemented include grantor time documentation sheets for nutrition education and breastfeeding, sign-in sheets, overtime and comp timesheets to improve consistency of reporting among all WIC employees. Additionally, WIC has shifted to a two week period rather than four week timekeeping period to allow for better monitoring of employee time by supervisors and to increase accuracy. The Metro Health Assistant to the Director overseeing operations has discussed these audit findings with Finance and ITSD to determine the feasibility of an earlier implementation of the Kaba timekeeping system. At this time Kaba is planned for phased implementation at Metro Health by December 2012 contingent on implementing the Interactive Voice Response (IVR) component of KABA.</p>					
E	<p>Inconsistent EBT Card Reconciliation</p> <p>The Director of Metro Health should ensure all WIC staff follow established EBT card reconciliation procedures.</p>	5	Accept	Christine Rutherford-Stuart, Assistant Director for Community Health	4/4/12

Appendix B – Management Response (continued)

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan: All WIC supervisors and staff were retrained on EBT card reconciliations procedures on April 4, 2012. To support ongoing accountability to this procedure WIC will increase monitoring of EBT reconciliation. The WIC Quality Assurance Team began included monitoring of the EBT Card Inventory Daily Summary Log as part of their quarterly clinic audits as of April 2012. Furthermore, WIC staff will continue to complete Food Delivery Self Audits, confirming that the EBT Card Inventory Daily Summary Log is being completed daily. WIC Administrative Staff will also increase Food Delivery Audits from biannually, to quarterly to also ensure the "Daily Summary Log" is thoroughly completed at all eleven WIC sites.</p>				
F	<p>Untimely Postings of Grant Expenditures</p> <p>The Director of Finance should ensure that Finance, in coordination with City departments, manage the locking and opening of grants after the close out period in accordance to AD 8.10 - <i>Financial Management of Grants</i>.</p>	6	Accept	<p>Troy Elliott, Director of Finance</p> <p>Melanie Seale, Assistant Director of Finance – Accounting</p>	5/14/12
	<p>Action plan: Finance will review all open grants and ensure any with grant periods that have expired will be locked down. Through this review process, Finance will additionally work with departments to clear out any outstanding transactions (receivables, payables, shortages or surpluses) so that the grant balances. All staff within the Controller's Office will be trained on the timely closing of grants, authorized approval to reopen internal orders, limiting the time period associated with that reopening, and monitoring of the grants to ensure timely close-out and completeness.</p>				

In addition to the specific action plans described above regarding the WIC program, a number of organizational and personnel changes have occurred within Metro Health since this audit was initiated in August 2011. The most critical of these changes for addressing the recommendations of this audit was the formation of the Operations Division within Metro Health in October 2012. This new division was established as part of the department reorganization to better assure consistency across Metro Health programs with the application of CoSA and grantor policies, and to advance organization efficiency within Metro Health. This division, lead by Assistant to the Director Virginia Cobarrubias, includes coordination of fiscal, HR, IT, communications, facilities and organizational planning functions. This organizational change and the placement of key staff are expected to provide significant benefit to the Metro Health programs in establishing, implementing and monitoring accountability across numerous policy areas.

Aside from the direct benefit of this audit to the performance of the WIC program, these recommendations will be reviewed as areas for potential improvement across Metro Health. The Operations Division will incorporate the issues identified in this audit report in planning to conduct

Appendix B – Management Response (continued)

training, program reviews and quality assurance checks across various Metro Health programs to assure compliance with CoSA policies and procedures.

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

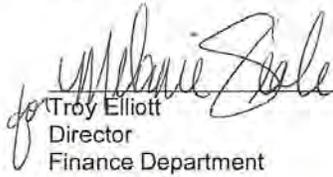
Sincerely,



Dr. Thomas Schlenker
Director
San Antonio Metro Health District

4-15-12

Date



for Troy Elliott
Director
Finance Department

4-16-12

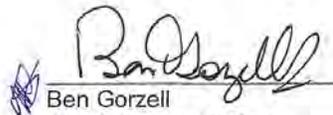
Date



Erik Walsh
Deputy City Manager
City Manager's Office

4/16/12

Date



Ben Gorzell
Chief Financial Officer

4/19/2012

Date