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OFFICE OF INTERNAL AUDIT

REPORT TO THE BOARD OF SUPERVISORS

Pinal County Health and Human Services Healthcare Contracting & Procurement Audit Follow-up Review

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The Office of Internal Audit has completed a follow-up review of the Health and Human Services - Healthcare Contracting and Procurement Audit, completed in March 2010.

As a result of our review, we found the Health and Human Services Department (HHS) has completed or made significant progress in implementing recommendations included the report.

Notable achievement has occurred in the following areas, pursuant to audit recommendations:

- Establishing comprehensive policies and procedures, including a desktop procedures manual and an audit and training manual.
- Creating an internal policy requiring periodic review of all contracting policies and procedures.
- Creating a fraud and theft reporting policy.
- Clearly defining HHS' proper delegation of procurement authority and responsibilities.
- Implementing employee training on hiring and termination procedures, merit rules and the procurement code.
- Implementing contract tracking tools and audit procedures to ensure all contracts are procured in accordance with the Pinal County Procurement Code and submitted timely to the Board of Supervisors for approval.

The following matrix provides details of management's reported progress and Internal Audit's assessment, based on follow-up audit procedures performed. We would like to thank the Health and Human Services Department staff for their assistance during our follow-up review.

Lori Stripling
Pinal County Internal Audit Officer

Audit Recommendation	Concur (Yes or No)	Management's Response and Action Plan	Target Date	Individual(s) Responsible	Internal Audit Assessment
<p>1. <i>The Assistant County Manager for Health and Human Services should develop comprehensive written policies and procedures. Written policies and procedures should detail the procurement process and:</i></p> <ul style="list-style-type: none"> • <i>Clearly define the proper delegation of procurement authority;</i> • <i>Require a periodic review of all contracting policies and procedures to ensure they are regularly updated</i> 	Yes	<p>Develop written policies and procedures that detail the procurement process and periodic review to regularly update.</p> <p>Clearly define the proper delegation of procurement authority.</p>	<p>6/10</p> <p>4/10</p>	<p>Lisa Garcia ACM/HHS</p> <p>Lisa Garcia ACM/HHS Victoria Prins Director of Finance</p>	<p>Complete</p> <p>Pinal County Chief Financial Officer's <u>Delegation No. HHS 10/11-001</u> defines the delegation of procurement authority to HHS.</p> <p>HHS revised <u>Policy 2008:01 -Procurement and Contracting Medical and Health Related Services</u> to reflect the delegation.</p> <p>HHS developed <u>Policy 2010:02 -Policy Development and Review.</u></p>

<p>2. <i>The Assistant County Manager for HHS should develop procedures to ensure all vacant positions are filled in a professional and timely manner. Procedures should include:</i></p> <ul style="list-style-type: none"> • <i>Require the assistance of Human Resource (HR) staff for all hiring and termination proceedings;</i> • <i>Assign designated HHS department staff to assist HR staff in hiring and recruitment efforts;</i> • <i>Require designated HHS department hiring staff maintain knowledge and skills to effectively and legally help fulfill these responsibilities.</i> 	<p>Yes</p>	<p>Develop procedures to ensure vacant positions are filled in a professional and timely manner.</p> <p>Develop training for HHS department staff on HR policies and procedures related to hiring and progressive discipline.</p>	<p>6/10</p> <p>6/10</p>	<p>Mike Arnold HR Director</p> <p>Kelly LeFevre HR Consultant</p>	<p>Complete</p> <p>HHS staff members have attended training on Hiring and Merit Rules.</p> <p>In addition, Human Resources staff dedicated to the HHS Department increased from one to two staff members.</p>
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<p>5. <i>The Assistant County Manager for Health and Human Services and the Director of P/GLTC should develop written policies and procedures to ensure:</i></p> <ul style="list-style-type: none"> • <i>Timely presentation of contracts to the Board of Supervisors for approval;</i> • <i>Appropriate training for the NOVUS contracting approval process, including standard contract/amendment language.</i> 	Yes	Develop policy and procedure for timely presentation of contracts to the BOS for approval and NOVUS system.	6/10	Lisa Garcia ACM/HHS Donna Beedle LTC Director	<p>Complete</p> <p>HHS developed Desktop Manual Procedure - <u>Novus Steps for Creator</u>.</p> <p>HHS also developed a spreadsheet for tracking contracts and monitoring/documenting specific requirements, terms and renewal dates.</p> <p>The Assistant County Manager should consider contacting the Clerk of the Board and the Information Technology Department for NOVUS training, especially for new employees.</p>
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<p>6. <i>The County Manager and Director of Finance should consider exercising their authority delegated by the County Board of Supervisors to sign contracts on behalf of the County in amounts not to exceed \$250,000, including HHS contracts. This practice may help ensure more HHS contracts are signed and approved before their effective dates and commencement of work. All contracts should continue to be presented to the BOS for their review and oversight.</i></p>	<p>Yes</p>	<p>A meeting will be set up to discuss this possibility with the County Manager and the Director of Finance.</p>	<p>4/10</p>	<p>Lisa Garcia ACM/HHS</p>	<p>Complete</p> <p>A meeting was held to discuss this recommendation on May 24, 2010 and April 26, 2011. The County Manager and CFO agreed to implement the recommendation.</p>
<p>7. <i>The County Manager should consider including in the County Procurement Code, or related policy and procedure, a requirement for legal review of all contracts, prior to signature and approval by an authorized County Official and commencement of work.</i></p>	<p>Yes</p>	<p>County Manager will review this recommendation, in consultation with the County CFO.</p>	<p>9/10</p>	<p>County Manager</p>	<p>Complete</p> <p>Although the prior County Manager did not update the procurement code to reflect this requirement, all contracts >\$50,000 are reviewed by legal, documented via the NOVUS system, before signature and approval by an authorized County Official.</p>

<p>8. <i>The County Manager should consider establishing in policy a requirement for signature and approval of all contracts by an authorized County Official, prior to the effective date of the contract and commencement of work. Exceptions to this requirement should be expressly limited, defined in policy and sufficiently documented.</i></p>	<p>Yes</p>	<p>County Manager will review this recommendation, in consultation with the County CFO.</p>	<p>9/10</p>	<p>County Manager</p>	<p>Complete</p> <p>HHS developed a spreadsheet for tracking contract terms and renewal dates, to help ensure timely presentation of contracts to the Board of Supervisors for approval.</p>
<p>9. <i>The Assistant County Manager for Health and Human Services should consider evaluating current operations of P/GLTC and Horizon Home Care Departments, to determine if functions can be consolidated to achieve significant cost savings, increased efficiency, improved information sharing and/or better client services.</i></p>	<p>Yes</p>	<p>A study will be conducted to look at cost savings, increased efficiency, improved information sharing and/or better client services.</p>	<p>6/10</p>	<p>Lisa Garcia ACM/HHS Donna Beedle Director P/GLTC Donna Valkos Director Home Health</p>	<p>See Recommendation #10</p>

<p>10. <i>In the event the prior recommendation is not implemented, the Assistant County Manager for Health and Human Services should consider replacing the current formal contractual agreement for services between P/GLTC and Horizon with an interdepartmental agreement, which may alleviate HHS staff's confusion about the relationship between the departments.</i></p>	<p>Yes</p>	<p>A meeting will be held with the County Attorney to develop an interdepartmental agreement.</p>	<p>6/10</p>	<p>Lisa Garcia ACM/HHS Joe Albo Deputy County Attorney</p>	<p>Complete HHS created an Interdepartmental Agreement between P/GLTC and Horizon Home Care.</p>
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