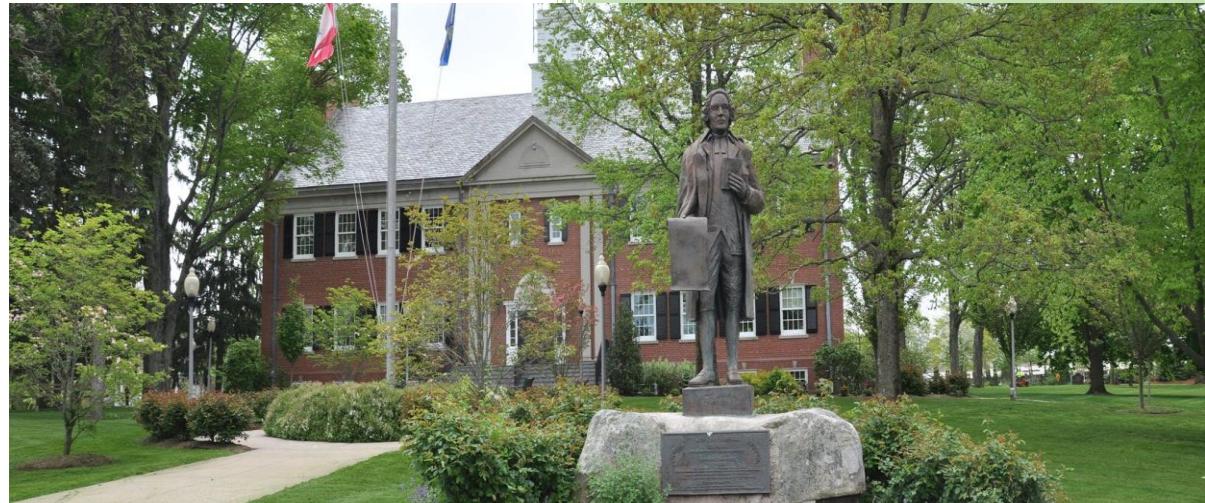


Mary J. Sherlach Counseling Center Follow up Audit Report



Town of Trumbull



April 11, 2024

Office of Internal Audit

Rebeca Lopez
Financial/Accounting Controls Analyst

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Audit Follow-Up Report

Background

The Office of Internal Audit has completed review procedures to follow up on the Mary J. Sherlach Counseling Center (MJSCC) internal audit examination completed in January 2023, and formally report on actions taken by the counseling center's management in response to the internal examination's recommendation to safeguard the Town's assets and comply with the Town's cash handling policies and procedures.

The Mary J. Sherlach Counseling Center is dedicated to enhancing the quality of life in Trumbull by providing counseling to Trumbull residents, Town employees and students in a therapeutic clinical setting for individual and family therapy, group therapy, and crisis intervention. All counseling services are confidential and fees are based on a sliding-scale according to family income and ability to pay.

The focus of this follow-up audit was to assess the design and effectiveness of MJSCC's newly established departmental cash handling policy related to client payments/donations received and the corresponding financial processes, review and identify any process or internal control gaps, and assess compliance of the Town's established cash handling policies and procedures.

Internal Audit (IA) conducted this follow-up audit for the period covering January 1, 2023 to December 31, 2023.

The status of the Internal Examination's recommendation is classified as one of the following:

Implemented: Management fully implemented the recommendation, either as originally described in the internal examination report or in a manner that resolved the issue.

In Progress: Management has begun to implement the recommendation and intends to complete the implementation process.

Not Implemented: Management has not taken action to implement the recommendation.

The Office of Internal Audit (IA) applauds MJSCC's management & staff on the actions taken to address the examination report's recommendation to secure the department's revenue collected and uphold the Town's cash handling policies and procedures.

Summaries, Recommendations and Statuses

The Mary J. Sherlach Counseling Center provides counseling services for adults, teens, young children, and couples. Counseling goals include family interventions to address childhood attention deficit and behavior issues, parent-child conflicts, adolescent concerns, juvenile court referrals, domestic violence, divorce issues, and individual or family psychotherapy.

MJSCC Services include:

- Family Counseling
- Individual Counseling
- Substance Abuse Counseling
- Diversionary Youth Services
- Youth Enrichment Programs
- Support Groups
- Referral Services
- Crisis/Trauma Intervention

After the MJSCC internal examination concluded in January 2023, the Director of Human Services and the department's Clinical Lead informed the Office of Internal Audit that the department was in the process of developing written departmental policies and procedures to reinforce the internal control gaps noted in the internal examination report and define staff roles responsible with securing the client payments received for services rendered.

IA conducted this follow-up review of the newly implemented department policy and procedure to ensure the department's internal control gaps have been addressed and are effective in achieving the department's goals related to the processing of the department's revenue received. IA met with the Clinical Lead and the Administrative Support Staff and obtained copies of the department's bank deposits and corresponding TherapyNotes Revenue reports. IA also obtained the Town's financial system's cash receipts reports to compare the Town's records to the department's transactions. Additionally, IA reviewed the department's revenue and program expenditures for their SRA/donations accounts – no discrepancies were noted.

The Status of the internal examination findings are:

1. Policies, Procedures, and Oversight

The department did not have documented policies and procedures showing the roles and responsibilities for the staff handling the client payments received for services provided. IA's internal examination noted that this essential internal control gap needed increased management oversight, defined segregation of duties for the receiving/recording of client payments, and all client payments properly recorded and deposited in the bank in accordance with the Town's cash handling policy.

Recommendation:

Develop and implement written departmental policies and procedures, to include the procedure in handling payments/donations received and the staff roles, responsibilities and oversight, to include segregation of duties and management approval. Additionally, provide training to all staff as related to the newly established departmental policy and cash handling best practices.

Status:

Implemented – MJSCC's management has developed and implemented their departmental cash handling policies and procedures. The departmental policy was approved by the Director of Human Services and includes the oversight and sign-off of the department's Clinical Lead who oversees the department. All MJSCC's clinicians and staff were provided with a copy of the department's cash handling policy. Additionally, IA conducted a cash handling best practices presentation during their staff meeting in September 2023.

Segregation of duties and oversight - Client payments for services rendered are made in the form of cash, check, and credit/debit card.

- The department's Clinicians receive client payments, provide a copy of the receipt to the client, and give the payment and receipts to the department's Administrative Support Staff.
- The Administrative Support Staff enters payments in the TherapyNotes system and prepares the weekly bank deposit form.
- The Clinical Lead runs a TherapyNotes revenue report for the corresponding period and matches it to the bank deposit form for that period – management signature was evident.
- The Clinical Lead and Administrative Support Staff periodically compare the billing and revenue reports to the system's aging report.

2. Billing, Revenue, and Special Revenue Accounts (SRA)

- A. The Finance department requires all Town departments with SRA revenue/expenditures to complete a quarterly reconciliation of their applicable SRA balance to ensure all departmental transactions are properly recorded and reconciled to the Town's finance system. The MJSCC staff was not aware of this process and did not have a record of completing the quarterly reconciliations.
- B. Management did not match the TherapyNotes system revenue to the bank deposit form or Town's Financial system records to verify all client payments received were properly recorded.
- C. The department's billing and aging report was not utilized to address outstanding client balances and would indicate if client payments are properly recorded in both the TherapyNotes and Finance system.

Recommendation:

- A. The Administrative Support Staff should complete the quarterly SRA reconciliation to bring up to date and send copies to Finance on a quarterly basis. The oversight/signature of the Clinical Lead, or designee, should be evident on the reconciliations, as well as the preparers name.
- B. The TherapyNotes Revenue report total should be reconciled to the Finance system and bank deposits. Evidence of Management sign-off should be noted on reports or the bank deposit forms.
- C. The TherapyNotes Aging report should be reviewed by the Clinical Lead and the Administrative Support staff. The client payment should be verified to the approved fee, client billing & payments should be properly recorded, and outstanding balances should be efficiently addressed. Any differences should be documented and explained.

Status:

- A. **Implemented** – IA met with the Administrative Support and provided the Finance's SRA reconciliation template and training materials. The department's Administrative Support Staff has completed the SRA reconciliation and the process has been included in the department's written policy & procedures to ensure there is transitional responsibility documented in the event of staff turnover. IA was included in the email correspondence indicating the SRA reconciliations were provided to Finance and are now up to date.
- B. **Implemented** – The TherapyNotes Revenue report is reconciled to the bank deposits and the Town's Finance system per the new department policy and IA's review of the department/finance records.
- C. **In Progress** – In response to this follow-up review, the TherapyNotes aging report will be reconciled to the client billing, payments, and outstanding balances on an ongoing basis.

3. Compliance and Timeliness

The internal examination findings indicated the department was not in compliance with the Town's established Cash Handling Policy and Procedure resulting in a significant number of payments missing and not recorded in the Town's proper financial accounting period. The former Administrative Staff Support collected payments from clients, issued receipt slips, posted payments to the accounting records, and made the bank deposits. The client payments were not properly locked and safeguarded. Oversight and reconciliation of the bank deposits was not evident. Bank deposits were not made in a timely manner – per Town policy deposits should be made weekly if under \$500, daily if equal or greater than \$500.

Recommendation:

Ensure deposits are made on a timely basis in compliance with the Town's cash handling policy. Establish adequate segregation of duties and provide oversight/sign-off of bank deposit forms, to include reconciliation to the system's revenue report and the Town's financial system.

Status:

Implemented – The Administrative Support completes the bank deposit forms in accordance with the Town's cash handling policy on a weekly basis. The Clinical Lead reviews all records/reports/forms related to that bank deposit and signs-off as evident on the forms. Support documentation is attached to the forms sent to Finance. IA noted that the **General Fund deposits for the period covered in this follow-up audit were over \$24,800**. The bank deposits were made in a timely manner and oversight/segregation of duties was evident.