



Date: 2/5/2019

Scope: The County Auditor's office performed an audit of the immediate housing vouchers at the Department of Social Services. This audit was performed at the request of the Commissioner of Social Services, Josh McCrossen, the Director of Administrative Services, Abbey Shipley, and the Human Services Committee Chair. This audit was to review vouchers submitted for payment and payments remitted to a vendor from 01/01/2017 to 12/31/2018 after a complaint was received from a vendor for nonpayment. The vendor that filed the complaint will be referenced throughout this report as Vendor A.

Objectives: The objective of this audit was to review all authorized vouchers that were submitted to the Department of Social Services by Vendor A for payment were paid to the vendor by the Department of Social Services.

Report: When a client in need of immediate housing arrives at the Department of Social Services (DSS) they are given a handwritten voucher for up to one weeks stay at a designated housing vendor. The voucher states the dates for which DSS will pay for housing for the client, the date of issuance, the client's name, the housing vendor's name and address, and an amount that the Department of Social Services authorizes for payment for those dates of stay. The vouchers are produced on white copy paper and are not prenumbered. The Director of Administrative Services, Abbey Shipley, stated the department included funds in the 2019 budget to research the cost effectiveness of a carbon copy voucher system. Prior to the voucher being issued to the client, two photo copies are produced. One paper copy is placed in the client's file, and the other is sent to the Accounting Department. The client presents the voucher to the housing vendor in exchange for housing for the dates of stay indicated on the voucher. The vendor is responsible for submitting the voucher to DSS for payment within thirty days of the services rendered as stated on the voucher.

The immediate housing voucher is recorded in a spiral notebook upon issuance. The dates of stay authorized by DSS, client name, vendor, and authorized amount is recorded for each voucher issued. The spiral notebook contains the sole record of all immediate housing vouchers that have been issued to clients. When a voucher is received for payment, a checkmark is placed next to the voucher in the notebook to record that the voucher is no longer outstanding. The records in the notebook are periodically reconciled with payments remitted to vendors. Periodically, the Principal Social Welfare Examiner will reconcile the journal for vouchers that have not been submitted for payment with

Accounting Department. If they are in agreement that this voucher was not returned for payment, the journal will be marked as such.

During the audit it was observed in 2018 that two vouchers were submitted to DSS for payment by Vendor A for immediate housing services in the amount of \$200.00. A check was remitted to the incorrect vendor for these vouchers on 12/19/2018. During a monthly review of payments performed in conjunction with the Accounting Department and Intake/Income Maintenance teams, it was realized that the check referenced was remitted to the incorrect vendor. The check payable to the incorrect vendor was cancelled on 1/7/2019, prior to it being cashed by the incorrect vendor. Payment to the appropriate vendor, Vendor A, was made on 1/9/2019.

During 2017 and 2018, three vouchers were issued to clients for immediate housing services with Vendor A, but were not ultimately submitted for payment by the vendor. In the spiral notebook two of these vouchers were documented in the journal as "VOID," and the remaining one voucher was recorded in the journal as "Not Used."

As of 12/31/2018, the total amount of vouchers that were submitted to the Department of Social Services by Vendor A for payment that remain unpaid is \$1,600.00. This amount includes \$200.00 that the two vouchers that were submitted to DSS for payment, but the payment was remitted to the incorrect vendor. As of 12/31/2018, the total amount of immediate housing vouchers that have been issued to clients but have not been submitted to DSS for payment is \$871.43.

After issuing the draft audit report to the Department of Social Services, the department sent documentation of payments to Vendor A subsequent to the audit scope of 1/1/2017-12/31/2018. As of 1/31/2019, all immediate housing vouchers that were submitted to the Department of Social Services by Vendor A in 2017 and 2018 were paid in full.

Recommendations:

- 1) A prenumbered triplicate or four part voucher system should be used for the vouchers issued to clients for immediate housing. The white copy should be issued to the client to present to the housing vendor for immediate housing services, the yellow copy should be placed in the client's file, and the pink copy should be sent to the Accounting Department. This system should be implemented if it is determined to be cost effective.
- 2) An electronic record system should be utilized to document vouchers issued. The current system increases the risk of misplacement or misuse of these records.

Management Response:

The following response from the Commissioner of the Department of Social Services, Josh McCrossen, was received in an email dated 2/1/2019:

At the Department of Social Services (DSS) request, Kristen Scott, the Wayne County Auditor, agreed to perform an audit of the Immediate (Emergency) Housing Vouchers

relating to "Vendor A". In her report, she reviewed the Housing Voucher process, as used for all Immediate Housing Vendors. She found that \$1,600 was the total amount of submitted vouchers outstanding as of the first of the year; with a separate additional amount of \$871.43 yet to be submitted for payment. Further, the County Auditor made 2 recommendations regarding the Housing Voucher process.

This Department is in full agreement with the amount noted above. The \$1,600 amount has been paid in full as of 1/31/19. No vouchers for the \$871.43 amount have yet been submitted by Vendor A as of 1/31/19. As to the recommendations, the Department's response is as follows: 1.) Money was included in the 2019 Wayne County DSS budget to implement a numbered triplicate voucher system and we are presently looking at potential vendors. If cost effective, this will be implemented as of early March 2019; 2.) There is also money included in the 2019 budget for the purchase of QUICKBOOKS Software to facilitate our record keeping and reduce staff time needed to produce reports. This would replace our current spiral notebook system which is cumbersome and time consuming.

Kristen Scott
County Auditor
2/5/2019