



Douglas County Internal Audit

June 29, 2018

Douglas County Board of Commissioners
1819 Farnam Street, Suite LC2
Omaha, NE 68183

Attention: Mary Ann Borgeson, Mike Boyle, Jim Cavanaugh, Clare Duda, Marc Kraft,
PJ Morgan, and Chris Rodgers

Jean Hartnett
4102 Woolworth Avenue
Omaha, NE 68105

Sherry Glasnapp
4102 Woolworth Avenue
Omaha, NE 68105

DeDe Will
4102 Woolworth Avenue
Omaha, NE 68105

Dear Commissioners, Ms. Hartnett, Ms. Glasnapp, and Ms. Will:

I have completed a performance audit of the Douglas County Health Center and Community Mental Health Center cash receipting processes. The purpose of the audit was to assess the adequacy and effectiveness of the controls in place over the receipting of healthcare revenue. The audit showed that, overall, the policies and procedures in place are adequately designed and management and staff see that the policies and procedures are applied effectively. There were issues that were not considered significant related primarily to segregation of duties. These issues were provided to and discussed with the Health Center's Fiscal Director and staff.

Background

The Douglas County Health Center is a Five Star Rated facility as recognized by the Centers for Medicare and Medicaid. The facility provides Short Term Post-Acute Rehabilitation and Long Term Care. The site also includes the Douglas County Community Mental Health Center. The Health Center and Community Mental Health Center took in over \$32 million in payments for services for fiscal year 2017. Sources of their revenue include payments directly from patients, Medicare & Medicaid, the Veterans Administration, insurance providers, transfers from the state, Region VI, and dietary rebates. Properly processing and accounting for the payments related to

the numerous patient accounts, payment types and sources of revenue can be overwhelming if not properly controlled.

Scope

The scope of the audit included an assessment of the policies and procedures in place for controlling and accounting for the receipting and posting of cash receipts. Individual dates for testing were selected from the twelve month period of May 2017 through April 2018.

Objective

The purpose of the audit was to assess the adequacy and effectiveness of the control processes used to receive and apply cash. The objectives of the audit included the following:

- Accountability for cash receipts is established to detect misdirected cash and posting errors and should include verification that deposits were made intact.
- Access to accounts receivable and cash receipt information and processes should only be provided in accordance with management’s approval which provides for adequate segregation of duties.
- Management should periodically substantiate and evaluate recorded balances for cash and accounts receivable accounts.

Methodology

Internal Audit assessed the policies and procedures in place using a number of methodologies including interviews, analysis of written policies and procedures, and testing of 30 days of randomly selected work days. The policies and procedures in place were tested to see if they were adequately designed and worked effectively for the days selected for testing. Each day’s receipts were traced to see that all the payments received for the days were deposited and posted completely and accurately and in timely manner. The daily balancing and reporting were analyzed to see that the daily reconciliations were properly prepared and agreed to source documents.

Findings

No significant findings

Audit Standards

Internal Audit conducted this audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives.

Internal Audit appreciates the excellent cooperation provided by the Health Center employees. If you have any questions or wish to discuss the information presented in this report, please feel free to contact me at (402) 444-4327.

Sincerely,

Mike Dwornicki
Internal Audit Director

cc: Mark Rhine
Jude Lui
Lenny Swanger
Inna Goldman
Dan Esch
Sheri Larsen
Jodi Campbell
Patrick Bloomingdale
Diane Carlson
Joe Lorenz
Todd Stubbendieck
Deb Whitaker
Amy Shreck
Colby Jensen