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MICHAEL POST, CPA, CIA
HARRIS COUNTY AUDITOR

August 11, 2023

Dear Barbie Robinson, Executive Director:

The Harris County Auditor's Office Audit Division has completed an audit of Public Health's Special Revenue Fund – Food Permits. The results of our audit are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post Engagement Survey. We look forward to your feedback. If you have any questions, please contact Errika Perkins, Chief Assistant County Auditor, 713-274-5673 or me.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Michael Post
County Auditor

Report Copies:

District Judges
County Judge Lina Hidalgo

Commissioners:

Lesley Briones
Rodney Ellis
Adrian Garcia
Tom Ramsey
Christian Menefee
Diana Ramirez



INTERNAL AUDIT REPORT
SPECIAL REVENUE FUND – FOOD PERMITS
AUGUST 11, 2023

Executive Summary

OVERALL CONCLUSION

The overall controls related to Public Health Services' (PHS) Special Revenues Fund - Food Permits (Food Permit Fund) were found to be effective. Sampled expenditures from the Food Permit Fund were in compliance with Texas statutes and food permit fees were properly authorized and established. Opportunities were identified to strengthen controls related to monitoring outstanding invoices. The issue was discussed with the management of PHS, and a management action plan has been developed that will address the issue by September 30th, 2023.

SCOPE AND OBJECTIVE

The scope of the audit was for the 18 months ended March 31, 2023. The objectives of this engagement were to:

- Determine whether expenditures comply with Texas Health and Safety Code § 437.0123,
- Ascertain whether food permit fees are authorized and established in accordance with the Texas Health and Safety Code § 437.0123, and
- Establish whether Food Permit Fund activity is accurately and timely recorded in Harris County's (County) financial system, Peoplesoft.

SUMMARY OF AUDIT ISSUE

- PHS did not monitor duplicate and aged outstanding invoices.

The audit issue, management's action plan to address the issue, and background information regarding this audit are discussed in more detail on the following pages.

AUDIT ISSUE

ISSUE: Duplicated and Aged Outstanding Invoices [MODERATE]

What is the Issue: An outstanding invoices report from the Food Safety Program (FSP) system identified:

- 1,699 outstanding invoices totaling \$768,490 for the scope period.

Total Population	0-30 days	Over 30 days	Over 60 days	Over 90 days	No Due Date
1,699	6	189	129	1012	363
100%	0.4%	11.1%	7.6%	59.5%	21.4%

- For 60 sampled invoices, 26 invoices (43%) were duplicates.

Why it Happened: After the FSP system was configured and implemented, every time an establishment clicked on the payment link, the system would generate an invoice. For example, if the establishment clicked on the payment link but did not pay immediately and later clicked the payment link again to pay, the system would generate another invoice for the same food permit application. Additionally, PHS did not set up a control to monitor aged outstanding invoices or take action to follow up on delinquent accounts.

Why it Matters: Duplicate invoices create inaccurate outstanding establishment balances and increase the risk an establishment will overpay PHS, resulting in a repayment liability.

In addition, delinquent invoices may cause a loss of revenue to PHS.

What is Expected: According to the Harris County-Wide Auditor's Accounting Procedure, A.28, Policy and Guidelines Section 11, Receivables Recorded in PeopleSoft/STARS in Summary, for receivables that consist primarily of fines, fees, and other receivables, County departments shall analyze receivable records to ensure charges and payments have been posted in a timely manner, are properly recorded, and individual customer account balances are correct. County departments shall ensure that appropriate measures have been taken regarding collecting on delinquent accounts.

What Action(s) are Suggested: The FSP payment link should be corrected to not generate a new invoice if clicked more than once. PHS should create procedures to monitor outstanding invoices, follow-up on aged invoices, and escalate collection of aged invoices when necessary. Personnel should be trained on the procedures and expectations for compliance with the procedures.



MANAGEMENT'S ACTION PLAN

Responsible Party: Barbie Robinson

Objective: To implement a comprehensive management action plan to address the issue of duplicated and aged outstanding invoices

Cause: System generates duplicate invoice and no internal controls set up to monitor aged outstanding invoices and follow up of delinquent accounts.

Condition: A discrepancy with the Food Safety Program (FSP) payment link and lack of procedures in place for monitoring, follow-up, and collection.

The management action plan below provides a clear and comprehensive approach for addressing the issue of duplicated and aged outstanding invoices. PHS will ensure accountability and compliance by correcting the FSP payment link to prevent the creation of duplicate invoices; we will develop procedures to monitor, follow-up on, and escalate collection of aged outstanding invoices. PHS will also ensure that personnel are trained on all procedures and expectation related to this process.

Management Action Plan

1. Correct the FSP payment link to prevent duplicate invoices
 - 1.1. The duplicate invoice payment link issue was corrected by Environmental Public Health division (EPH) development in 2021 by removing the bug that allowed for Invoice Ninja to automatically create new invoices via the external user clicking the payment link multiple times. Each payment link sent to a food establishment may now be “clicked” multiple times even if not paid, thus ensuring a single invoice is still attached to that associated fee.
 - 1.2. Steps:
 - 1.2.1. An Invoice report Power BI will be created to ensure user error duplicate or aged invoices are monitored.
 - 1.2.2. EPH investigators may conduct inspections on food establishments with outstanding invoices to ensure permit payment or the issuance of a citation and/or establishment closure.
2. Develop and implement procedures to monitoring invoices, follow-up on and escalate collection of aged invoices:
 - 1.1 Procedures are in place for the generation of an outstanding open invoice report generated through Power BI. This report shall be reviewed by FSP supervisory staff and will result in the issuance of a closure notice and/or a citation to any establishment listed until payment is received. Such procedures can be found in PHS internal procedures entitled “Food Establishment Inspection SOP” under section (III PROCEDURES (A.)(10)(a) & (b) as well as (C.) (1)(e)(i)).



3. Adequately train personnel involved in the FSP invoicing process:

- 1.1 A training review of the permitting and citation process will be performed during EPH's 4th quarter (budget year) all staff meeting in September 2023.

Due Date: September 30, 2023



BACKGROUND

In accordance with the Texas Health and Safety Code Section 437.003 and 437.0123, a food establishment must have a permit from the Environmental Public Health Division of Harris County PHS to operate. The special revenue fund for food permits was established to account for the fees associated with issuing food permits and enforcing the associating statutory provisions. The fees may be used for reviewing and acting on a permit, amending and renewing a permit, and inspecting a facility for the purpose of issuing a food permit. PHS issued 17,488 food permits during the scope period totaling \$4,908,380.

ACCOUNTABILITY

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The engagement's scope did not include a detailed inspection of all transactions. There is a risk that fraud or errors were not detected during this engagement. Therefore, the official retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

