

**ACCESS AND USE OF LONG DISTANCE CALLING
FOLLOW UP**

Audit Report No. TLL0108

November 16, 2007



**MENTAL HEALTH MENTAL RETARDATION
AUTHORITY OF HARRIS COUNTY**

Internal Audit Report

AUDITOR'S REPORT

MHMRA of Harris County

**Access and Use of Long Distance Calling
Follow-up**

Harris County, Texas

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Henry E. Webb, CFE

Internal Auditor





MENTAL HEALTH MENTAL RETARDATION
AUTHORITY OF HARRIS COUNTY

November 16, 2007

Steven B. Schnee, Ph.D.
Executive Director
MHMRA of Harris County
7011 SW Freeway
Houston, TX 77074

Re: Telecommunications – Long Distance/Land Line Access
(Report No. TLL0108) Follow up Audit

Dear Dr. Schnee:

The Internal Audit Department has completed a follow up review of the use of long distance calling access and the ability of responding parties to identify locations making 9-1-1 calls.

The review was designed to assist management with the assessment of the adequacy of internal controls related to the use of Agency long distance and 9-1-1 calls. Additionally, the follow-up audit was designed to determine the progress made toward implementation of the recommendations made in the original report (Audit Report #TLL0107). The review consisted primarily of interviews and document testing.

Based on the results of the work, there were no significant examples of non-compliance. Accordingly, it was concluded that the controls over the use of Agency long distance calling access and 9-1-1 location identity is adequate.

Internal audit appreciates the cooperation extended by personnel during the course of the audit.

Respectfully submitted,

-S-

Henry E. Webb, CFE, Internal Auditor

-S-

Michele Johnson, Staff Internal Auditor

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SCOPE AND PURPOSE

The scope of the work did not constitute an evaluation of the overall internal control structure of the units. The examination was designed to evaluate and test compliance with established policies and procedures and to test the internal control over tested areas and material.

Department management is responsible for establishing and maintaining a system of internal controls to adequately comply with approved policies and procedures. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected in a timely manner. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

The purpose of the audit report is to furnish management independent, objective analyses, recommendations, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements. The audit report is not an appraisal or rating of management.

Although due professional care in the performance of the audit was exercised, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected.

Other minor findings, not included in this report, have been communicated to management and/or corrected during the audit process. Internal Audit would like to thank management and staff for their cooperation throughout the audit.

CONCLUSION

Based on the results of the audit, Internal Audit concluded that internal controls over Agency use of long distance access and 9-1-1 calling are adequate to provide management with reasonable assurance that resources are used in an efficient, effective, and economical manner and applicable laws, regulations, policies and procedures are complied with, and that internal controls are in place to help prevent or detect material errors and irregularities.

_____-S-_____
Henry E. Webb, CFE
Internal Auditor

_____-S-_____
Michele Johnson
Staff Internal Auditor

INTRODUCTION

The Telecommunications function for the Mental Health and Mental Retardation Authority of Harris County (MHMRA) is a part of the Information Technology Department. MHMRA has formal policies and procedures designed to ensure only MHMRA business related long distance calls are placed by employees. MHMRA had expenditures of approximately \$350,470 for telephone related services in Fiscal Year 2006 and approximately \$306,544 in Fiscal Year 2007. The Agency receives an average of 48 collect calls each month to various facilities at a cost of approximately \$338 per month. Approximately \$1,076 is spent on long distance and directory assistance calls each month. Internet and other charges associated with providing local phone coverage make up the bulk of the annual billings.

MHMRA takes advantage of the Agency's ability to participate in the General Services Commission (GSC) Cooperative Purchasing Program for telecommunications services referred to as TEX-AN 2000 in order to reduce cost. TEX-AN 2000 is an agreement between the State of Texas Department of Information Resources (DIR) and AT&T Texas (formerly SBC Texas) for various telecommunications services, data services, hardware, software, and IT services. The participation of the Agency in TEX-AN 2000, allows MHMRA to purchase any quantity of services available from a vendor at the prices negotiated by DIR ("DIR Discounted Price"). These services include:

- Local Switched Services
- Dedicated Services – Data
- Dedicated Services – Voice
- Packet Services – ATM, Frame Relay Services, Circuit Emulation
- Long Distance – Outbound Services
- Long Distance - Inbound Services
- Conferencing Services
- DSL – RLAN, DSL+ Internet
- Dedicated Internet Access
- Hardware, Software, and IT Services

The Interlocal Cooperative Act, Texas Government Code, Chapter 791, authorizes local governments, including local governments of other states, to directly contract with DIR to increase their efficiency and effectiveness. State agencies of other states may be eligible to purchase from a contract between DIR and a local government of that state under the Interlocal Cooperative Act.

Texas Government Code, Section 791.025 (c) indicates that a local government that purchases goods and services under the Interlocal Cooperation Act satisfies the requirement of the local government to seek competitive bids for the purchase of goods and services. Furthermore, all customers are exempt from state sales, use and excise taxes, Section 151.309, Texas Tax Code, and Federal Excise Tax, 26 USC Sections 4253 (i) and (0). State agency customers are exempt from the assessment and collection of sales taxes imposed by political subdivisions Sections 321.208 (municipalities) and 323,207 (counties), Texas Tax Code.

Several vendors provide land-line phone services to various MHMRA facilities, due to the fact that one vendor does not provide service to all property owned by the Agency. These services provide for receiving and placing local and long-distance calls. In general, the Agency assumes responsibility for telecommunication equipment at the point of entry and exit of owned property. Periodically the Information Technology Department reviews the rates from their long distance carrier and compares it with other carries to determine the best rate for the Agency. The Agency adopted a Telephone Usage Policy (revision date May 27, 1992) and an Administrative Directive on November 4, 1996 that currently provides guidance for employees for the use of long distance calling.

The key provisions of these guiding documents are:

- Requests for numbers from Directory Assistance shall be kept to a minimum.
- When numbers must be obtained through Directory Assistance, the operator is not to complete the call as additional charges are incurred.
- Each employee authorized for long distance access **will be issued an individual account code** by the Communication Systems Analyst.

- Each employee issued an account code is required to sign a ‘**Long Distance Access Acknowledgment**’ form (BUS-F/B: 14.003).
- All long distance calls placed on MHMRA lines are to be placed using an account code unless they are calls charged to Personal Calling Cards and/or 1-800 calls.
- An employee may request an account code change by making a request in writing to the Information Technology Department. Account code changes should be requested if unauthorized calls are listed on the employee’s long distance call list.
- Component Director shall review copies of long distance phone calls made by staff assigned to that Component.
- Personal long distance telephone calls billed to the MHMRA telephone system are prohibited. There is no provision for employees to make long distance calls and charge them to MHMRA even though the employee intends to reimburse the Agency at a later date.

Exhibit 1 presents the compliance matrix categorizing the status of action taken by management.

Exhibit 1
Telecommunications – Long Distance Access
9-1-1 Identification by Agency Location
Follow-Up Results

AUDIT FINDING	PRIORITY RATING	RECOMMENDATION	ACTION STATUS	WORK PERFORMED
Generic Access Codes assigned to all employees	1	Remove generic code and assign individual long distance codes	Implemented	<i>“Generic Access Codes for Long Distance calling will be removed from the system on November 30, 2007. All staff have been mailed their new long distance access codes as of November 8th, 2007. Staffs are in the process of returning the Long Distance Authorization Forms for their access codes”.</i>
Policy and Procedures require updating	1	Update Policy and Procedures	Implemented	<i>“The Policy and Procedure for Telephone Installation and Use of Service has been revised and is current.”</i>
International calls, as well as domestic long distance calls can be made from any Agency telephone and are not traceable.	1	The Agency IT Department should provide an analysis of the cost benefit of implementing an activity analysis and accounting system for processing and tracking Agency generated calls.	Implemented	<i>“The Agency did purchase the “call accounting” modules for the phone system and we are in the process of implementation right now. This allows for tracking of long distance calls and operator assisted calls. International calls will be traceable with the new call accounting module.”</i>

Individual 9-1-1 calls are not traceable for the responding party by locations within MHMRA of Harris County.	1	Provide for individual numbers that will reflect actual locations (by building location at a minimum) for 9-1-1 calls.	Implemented	<i>“For the 911 emergency calls: The police will respond to either the physical or billing address on file with AT&T when 911 is called from any agency location. AT&T has no mechanism to tie each of our phone numbers back to a particular location. That must be done on our internal phone system. The new call accounting software will allow for matching numbers called back to the extension that they came from which will allow us to see where the 911 calls originated.”</i>
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