



Jerry E. Abramson
Mayor

26 Member
Metro Council

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Office of Internal Audit

Public Health and Wellness

Environmental Health
Services Revenue

Audit Report

Office of Internal Audit

Public Health and Wellness

Environmental Health Services Revenue

August 2007



Public Health and Wellness

Environmental Health
Services Revenue

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Transmittal Letter

August 14, 2007

The Honorable Jerry E. Abramson
Mayor of Louisville Metro
Louisville Metro Hall
Louisville, KY 40202

Re: Audit of Environmental Health Services Revenue Activity

Introduction

An audit of the Environmental Health Services (EHS) revenue activity was performed. EHS is a division of the Department of Public Health and Wellness, and its areas of operation include food hygiene and public facilities. The primary focus of the audit was the operational and fiscal administration of the revenue. This included how EHS processes, records, and monitors the activity.

The examination was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

As a part of the review, the internal control structure was evaluated. The objective of internal control is to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

- Achievement of business objectives and goals
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets

There are inherent limitations in any system of internal control. Errors may result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personnel factors. Some controls may be circumvented by collusion. Similarly, management may circumvent control procedures by administrative oversight.

Scope

The operating procedures for the Environmental Health Services revenue activity were reviewed through interviews with key personnel. The focus of the review was the operational and fiscal administration of the revenue activity. Tests of sample data were performed for transactions from July 1, 2006 to March 31, 2007. Activity reviewed included various EHS system reports and program databases, file documentation, processing forms, fee schedules, invoices, bank activity, and Metro financial system postings.

The review included assessing whether activity was processed, recorded, and monitored accurately and appropriately. The details of the scope and methodology of the review will be addressed in the Observations and Recommendations section of this report. The examination would not identify all issues because it was based on selective review of procedures and data.

Opinion

It is our opinion that the administration of Environmental Health Services revenue activity is weak. The internal control rating is on page 5 of this report. This rating quantifies our opinion regarding the internal controls, and identifies areas requiring corrective action. Several issues were noted that indicate the internal control structure could be improved. Examples of these include the following.

- **General Administration.** There were several issues noted regarding the general administration of EHS revenue activity.
 - Comprehensive, documented policies and procedures for administering revenue activity were not available. This may lead to inconsistencies and inefficiencies with processing.
 - Issues were identified with missing or incomplete support documentation used to assess establishment fees.
 - Collection notices were not issued to establishments on a regular basis. Uncollected fees represent deferred revenue for the Metro Government as well as non-compliance with State and local regulations.
- **Fiscal Administration.** Issues were noted regarding the fiscal administration of EHS revenue activity.

- Specific program accounts have not been established in the Metro financial system. This makes it difficult to identify specific EHS program activity and weakens the reliability and usefulness of financial records.
- The processing and deposit of fees collected is delayed in several areas. Holding receipts for deposit increases the risk of lost or misplaced receipts and postpones the issuance of valid permits and certifications.
- **Monitoring and Reconciliation.** The department clearing account and EHS financial accounts are not completely reconciled. The lack of monitoring and reconciliation could result in inappropriate activity going undetected.

The implementation of the recommendations in this report will help improve the internal control structure and effectiveness of the administration of EHS revenue activity.

Corrective Action Plan

Representatives from the Department of Public Health and Wellness have reviewed the results and are committed to addressing the issues noted. The Department of Public Health and Wellness corrective action plans are included in this report in the Observations and Recommendations section. We will continue to work with the Department of Public Health and Wellness to ensure the actions taken are effective to address the issues noted.

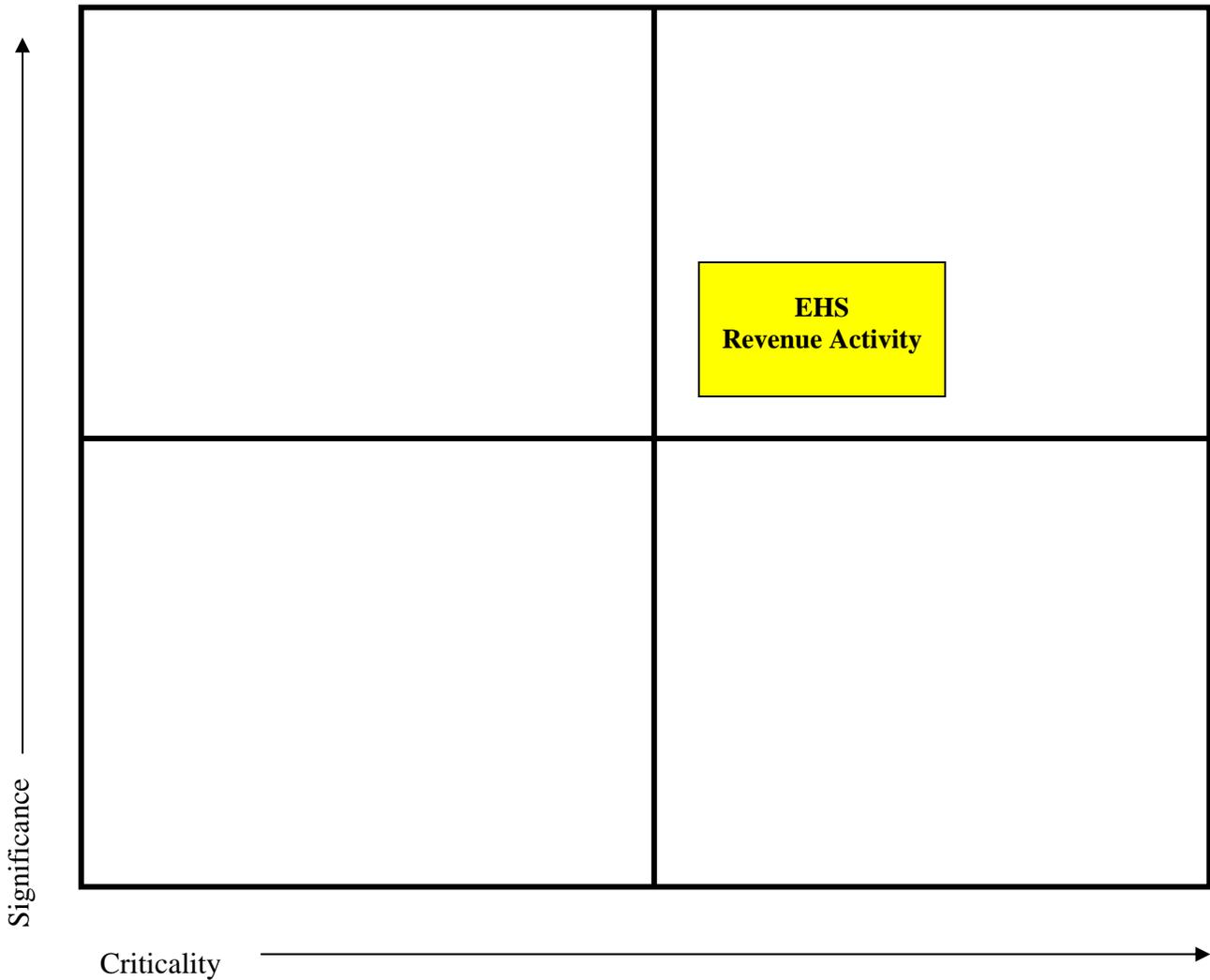
Sincerely,



Michael S. Norman, CIA, CFE, CGAP
Chief Audit Executive

cc: Louisville Metro Council Audit Committee
Louisville Metro Council Members
Deputy Mayors
Director of the Department of Public Health and Wellness
Louisville Metro External Auditors

Internal Control Rating



<u>Legend</u>			
<u>Criteria</u>	<u>Satisfactory</u>	<u>Weak</u>	<u>Inadequate</u>
<i>Issues</i>	Not likely to impact operations.	Impact on operations likely contained.	Impact on operations likely widespread or compounding.
<i>Controls</i>	Effective.	Opportunity exists to improve effectiveness.	Do not exist or are not reliable.
<i>Policy Compliance</i>	Non-compliance issues are minor.	Non-compliance issues may be systemic.	Non-compliance issues are pervasive, significant, or have severe consequences.
<i>Image</i>	No, or low, level of risk.	Potential for damage.	Severe risk of damage.
<i>Corrective Action</i>	May be necessary.	Prompt.	Immediate.

Background

The mission of the Louisville Department of Public Health and Wellness is to protect, preserve and promote the health, environment, and well-being of the people of Louisville Metro. The Environmental Health Services (EHS) division contributes to this vision by providing community services such as ensuring the continued safety of public facilities and food establishments by performing inspections, investigating complaints, providing health education, issuing certifications and permits, and enforcing local and State regulations.

The EHS division includes the food hygiene and public facilities programs. These programs ensure the continued safety of the public food supply, facilities in the community, and adequate sanitation standards. Food hygiene inspects food service establishments and issues permits to the establishments that comply with State and local requirements. The food hygiene program requires food handlers to become educated and certified on code requirements, illnesses, and safe handling procedures.

Public facilities reviews new construction plans for swimming areas and performs annual inspections to ensure the swimming areas are in compliance with State and local regulations. In addition, certifications are issued to lifeguards and pool attendants after the completion of a poolside rescue course and written exam. Public facilities also provides inspections, certifications, and permits for hotels and motels, manufactured and mobile homes, and tattoo and body piercing studios.

Food hygiene and public facilities establishments are required by State and local regulations to pay annual certification and permit fees. Payments are collected by Public Health and Wellness, and in turn passed through to the State. Health collected and submitted \$527,428 to the State during the review period. The State returns some of this revenue through program funding throughout the year. Additionally, EHS collects and retains other revenue associated with food hygiene and public facilities activity (e.g. food manager certifications, seasonal food concessions, and lifeguard certifications). The fiscal year 2007 budget was \$88,000 for food hygiene revenue and \$96,000 for public facilities.

This was a scheduled audit.

Summary of Audit Results

I. Current Audit Results

See Observations and Recommendations section of this report.

II. Prior Audit Issues

The Office of Internal Audit has not previously conducted any reviews of Environmental Health Services revenue activity.

III. Statement of Auditing Standards

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

IV. Statement of Internal Control

A formal study of the internal control structure was conducted in order to obtain a sufficient understanding to support the final opinion.

V. Statement of Irregularities, Illegal Acts, and Other Noncompliance

The examination did not disclose any instances of irregularities, any indications of illegal acts, and nothing was detected during the examination that would indicate evidence of such. Any significant instances of noncompliance with laws and regulations are reported in the Observations and Recommendations section of this report.

VI. Views of Responsible Officials / Action Plan

A draft report was issued to the Department of Public Health and Wellness on July 13, 2007. An exit conference was held at the Public Health and Wellness administrative office on July 25, 2007. Attending were Jackie Richardson, Ken Kring, and Matt Rhodes representing Health; Mary Ann Wheatley, Jenni Schelling, and Scott Miller representing Internal Audit. Final audit results were discussed.

The views of Public Health and Wellness officials were received on August 13, 2007 and are included as corrective action plans in the Observations and Recommendations section of the report. The plans indicate a commitment to addressing the issues noted.

LMCO §30.36(B) requires Louisville Metro Agencies to respond to draft audit reports in a timely manner. It specifically states that

“The response must be forwarded to the Office of Internal Audit within 15 days of the exit conference, or no longer than 30 days of receipt of the draft report.”

The Department of Public Health and Wellness response was provided within this required timeframe.

Observations and Recommendations

Scope

The Department of Public Health and Wellness procedures for administering Environmental Health Services (EHS) revenue activity were reviewed. The focus of the review was the operational and fiscal administration of the activity. This included how activity is processed, recorded, and monitored. Applicable personnel were interviewed in order to gain a thorough understanding of the processes.

The review consisted of examining program documentation from the period July 1, 2006 to March 31, 2007. EHS revenue activity was judgmentally selected from the population of transactions during the review period for the areas of food establishment permits, swimming area inspections, lifeguard and food manager certifications, and invoice write-offs. This included reviewing various EHS system reports and program databases, file documentation, processing forms, fee schedules, invoices, bank activity, and Metro financial system postings. An analytical assessment of EHS balances due was also performed.

While internal controls associated with hotels and motels, manufactured and mobile homes, and tattoo and body piercing studios were considered, the review did not include examining the processing of these areas. The review would not reveal all issues because it was based on selective review of data. The results are as follows.

Observations

There were several issues noted with the administration of Environmental Health Services revenue activity. As a result, the internal control structure is weakened and its effectiveness impaired. The observations are as follows.

- #1 General Administration
- #2 Fiscal Administration
- #3 Monitoring and Reconciliation
- #4 Program Activity

Details of these begin on the following page.

#1 – General Administration

Issues were noted with the general administration of Environmental Health Services (EHS) revenue activity. As a result, the internal control structure is weakened and its effectiveness impaired. Specifics include the following.

- **Policies and Procedures.** EHS policies and procedures are not comprehensive to address all aspects of revenue activity for the various programs.
 - There are no documented desktop policies and procedures to guide EHS personnel in the administration and management of permit and certification activity. While staff does have access to a handbook with general department policies and procedures, as well as a user manual for the Environmental Health Management Information System, these are not specific to their daily revenue processing activities. A lack of documented procedures increases the risk of noncompliance with intended policies and procedures. This can also lead to inconsistencies and inefficiencies with activity processing.
 - Collection notices sent to EHS establishments include a statement that an administrative hearing will be provided upon request. The Department of Public Health and Wellness does not have documented policies and procedures for conducting these administrative hearings.

- **Accounts Receivable Administration.** EHS issues annual application invoices for food hygiene permits, as well as public facilities inspections, certifications, and permits. These credentials expire on the invoice due date, and are not renewed until payment is received. Past due invoices could indicate that environmental establishments are operating without the credentials required by State and local regulations. Some issues were noted regarding the issuance of collection notices to establishments that have invoice balances due.
 - Collection notices are prepared and distributed to establishments that have invoices 30 days or more past due. These notices are not processed on a regular basis (e.g. monthly, quarterly), but sporadically throughout the year.
 - A report of outstanding invoices for establishments as of April 6, 2007 was obtained from Public Health and Wellness personnel. Based on the report, EHS had approximately 500 open invoices totaling \$65,000 in outstanding accounts receivable. Several of the invoices were 91 or more days past the due date. In general, as receivables age, the probability of collection becomes less likely. *Health personnel stated the report may not be completely accurate and functioning as intended (i.e. some invoices may need to be written off and system / report issues may need to be corrected).*

- **Penalty Fees.** There are certain penalty fees that are not currently charged to food establishments, but could be assessed according to State and local guidelines. Penalty fees help encourage timeliness of payments as well as increase revenue.

- Penalty fees for operating a food establishment without a valid permit are not assessed. According to Kentucky Revised Statutes, food establishments that operate without a valid permit are subject to fines of \$100 to \$500. These penalties apply to establishments that have outstanding permit fees, and therefore are operating without a valid permit.
- Metro Finance's Cash Management policies require departments to initiate and monitor the collection activities associated with returned checks, including a \$25 returned check fee. Although returned checks are infrequent, this fee is not charged to food establishments.

Recommendations

Appropriate personnel should take corrective action to address the issues noted. Specific recommendations include the following.

- ✓ A written internal policies and procedures manual should be developed to guide Environmental Health Services personnel in the administration of permit and certification activity. This manual should include sufficient detail for each job duty performed, copies of forms used, policies followed in the processing of activity, and processing dates and deadlines. The internal policy and procedures manual should be distributed to all applicable personnel. In addition, key personnel should be trained to help ensure consistent adherence to the requirements. The internal policy and procedures should reflect the most current information and be updated periodically.
- ✓ Policies and procedures should be developed for administrative hearings held by Public Health and Wellness. Legal counsel should be consulted to ensure they are designed to comply with applicable State and local regulations, as well as Metro policies. This will help ensure enforcement of the requirements as intended.
- ✓ Collection notices should be processed on a regular basis (e.g. monthly, quarterly) in an effort to maximize revenue and compliance with State regulations. Specific dates, deadlines, and procedures should be determined by the appropriate Public Health and Wellness personnel and documented in EHS policies and procedures.
- ✓ Analytical reviews of outstanding payment activity should be performed periodically. This could include comparing total activity for a period to other periods and considering factors that may affect fee collections. This may indicate areas that EHS needs to concentrate collection efforts and policy enforcement.
- ✓ Health personnel should contact the State regarding the reports used in analyses and reconciliations to ensure they are reporting information as intended. The usefulness of the reports is dependent upon the accuracy of the information provided.
- ✓ Appropriate Public Health and Wellness personnel should consider the feasibility of assessing the penalty fines outlined in Kentucky Revised Statutes that are associated with

invalid permits. This may require a determination by the Board of Health. Assessing these fees may help encourage timeliness of payments, increase revenue, and diminish future collection efforts by encouraging establishments to pay their fees on time. However, the costs and benefits associated with administering the fines should also be considered when making a determination.

- ✓ The \$25 returned check fee should be assessed in accordance with Metro Finance's Cash Management policies. This will encourage establishments to submit legitimate payments, and help compensate for the administrative costs of collecting funds associated with returned checks.

#2 – Fiscal Administration

Issues were noted with the fiscal administration of Environmental Health Services revenue activity. As a result, the internal control structure is weakened and its effectiveness impaired. Specifics include the following.

- **Financial Accounts.** EHS activity is not accurately reflected on the Metro financial statements. Though activity processed is appropriate, certain financial accounts are distorted. This greatly weakens the reliability and usefulness of Metro's financial statements.
 - As Public Health and Wellness revenue is deposited, Metro Finance posts the activity to the department clearing account in the Metro financial system. In general, it is the responsibility of each department to allocate funds from the department clearing account to the appropriate program accounts. However, specific program accounts for particular EHS activity have not been established in the Metro financial system. This includes State permit fees (e.g. food hygiene, swimming areas), which are collected and submitted to the State Treasury. These fees are posted to the Health Receipts Clearing account, and remain in this account until the payment to the State Treasury is made. As a result, the financial system is not descriptive of the specific program activity.
 - EHS uses a Self Pay revenue account to record revenue it receives for food manager certifications, lifeguard certifications, and seasonal concessions. When returned checks for State permit fees are received, the business office creates an adjusting entry to reduce the Self Pay revenue account. Although returned checks are infrequent, this transaction distorts the balance of these accounts since State permit fees are not posted to the Self Pay account.
- **Deposit Timeliness.** Interoffice deposits are submitted to the Public Health and Wellness business office by divisions of the department. The business office compiles these funds for bank deposit. However, these deposits are not made in accordance with Metro Finance's Cash Management policy. The policy states that deposits should be made weekly or when they reach \$1,000, whichever occurs first. There were several cases where funds collected by EHS were not deposited within the required timeframe. Holding receipts increases the risk of lost or misplaced receipts and reduces Metro's ability to capitalize from interest on investments.
 - For all five food manager certification receipts reviewed, the funds were held by EHS for seven to eight business days before they were submitted to the business office. Then, they were held another two to eleven business days before deposited at the bank.
 - For all five lifeguard and pool attendant receipts reviewed, the funds were held by EHS for seven to twenty-nine business days before they were submitted to the business office. Then, they were held another five to eight business days before deposited at the bank.

- For other EHS receipts (i.e. food permits, inspection fees, swimming area activity), the funds may not be deposited at the time of receipt. EHS personnel stated that funds may be held for a couple weeks, dependent on when multiple receipts have been received or when time permits for activity to be processed.
- **Accountability for Funds.** Funds are not always properly safeguarded and custody is not consistently verified or documented as they are exchanged among employees. This weakens accountability for the funds.
 - Swimming area funds are not maintained in a secure location (e.g. safe, locked bank bag) prior to deposit.
 - EHS staff shares cash drawers during the peak renewal season of lifeguard certifications. Cash is not verified or removed from the cash drawers when there is a change in custody over the funds.
 - The exchange of lifeguard revenue is not verified and documented as deposits are processed.
 - Business office personnel log deposits received from EHS before they are stored in the office safe. However, they do not require the depositor to sign the log to indicate their agreement with the deposit amount and date indicated.

Recommendations

Appropriate personnel should take corrective action to address the concerns noted. Specific recommendations include the following.

- ✓ Appropriate Public Health and Wellness personnel should contact Metro Finance for assistance in establishing accounts needed to accurately record EHS activity. This would allow for activity to be easily identified by having it post to accounts that are more descriptive of its source, as well as allow for revenues and expenses to be shown separately in accordance with proper accounting guidelines.
- ✓ Once specific EHS accounts are established, care should be taken to ensure EHS activity is coded to the proper accounts. The appropriate financial accounts should be used to record program activity in order to accurately document the fiscal activity and to facilitate the planning of future budgetary needs.
- ✓ Care should be taken to ensure transactions associated with returned checks are posted to the proper financial accounts. Public Health and Wellness personnel should consult with Metro Finance to ensure EHS activity is accurately recorded.
- ✓ All funds should be deposited in a timely manner in accordance with the Department of Finance's Cash Management policies (weekly or when they reach \$1,000, whichever occurs first). This will help ensure the security of funds and optimize Metro's investment income.

- ✓ All funds should be maintained in a secure location and access should be limited to authorized individuals. This may include a lockable bank bag within a locked desk drawer or safe.
- ✓ Each cashier should work from an independent cash drawer and should receive individual cash banks. The cash drawer balance should be verified by the cashier and another individual at the opening and closing of each shift. Both individuals should sign-off that they are in agreement with the amount verified and document the change in custody of funds. Any discrepancies should be thoroughly investigated.
- ✓ As deposits are collected by the business office, an independent signature should be obtained from the depositor. The depositor and business office personnel accepting the funds should sign the log to indicate agreement of the deposit amount and date. This helps ensure accountability for the funds.

#3 – Monitoring and Reconciliation

Issues were noted with regards to the monitoring and reconciliation of Environmental Health Services revenue activity. As a result, the internal control structure is weakened and its effectiveness impaired. Examples include the following.

- **Receipts Clearing Account.** Public Health and Wellness deposits are routinely posted to the Metro financial system by Metro Finance; the deposits are posted to the Health Receipts Clearing account. The business office uses adjusting entries to allocate some revenue to its designated accounts. However, the EHS revenue associated with State permit fees and annual certifications remains in the clearing account until payments are made to the State. The Health Receipts Clearing account is not completely reconciled to ensure all activity appears appropriate.
 - Monthly bank statements are reconciled to the clearing account, ensuring that deposits and withdraws are appropriately stated. Additionally, individual business office personnel are responsible for reconciling journal entries to the financial accounts to ensure the entries posted properly. However, since multiple staff review only the individual transactions they submitted, there is a risk that a complete assessment of the account is not made (i.e. additional activity could be posted to the account and not identified).
 - Reconciliations of financial journal entries are not consistently documented to indicate who performed the reconciliation and when.

- **Environmental Health Services Activity Reports.** There were issues noted with the monitoring and reconciliation of EHS activity reports.
 - EHS personnel do not have access to financial system activity reports to ensure program activity is accurately posting. As previously stated, business office personnel monitor some of the activity, but a complete assessment of activity is not made. EHS personnel are ultimately accountable for ensuring their program activity is accurately reflected.
 - The lifeguard Access database does not have reports (e.g. number of permits issued, payments received) to assist with the reconciliation and monitoring process. The current process is very inefficient in that manual calculations are used to reconcile activity.
 - As part of the month-end reconciliation process, a form used by EHS staff to record write-offs is compared to an information system transaction report. However, any discrepancies between the form and the system report are not properly researched. Discrepancies are not investigated, and further explanation is not obtained from staff to help ensure the write-offs were not processed unnecessarily.
 - The information system Cash Receipts Entry report is not consistently retained by EHS personnel. This report provides detail of all payments processed through the information system and any exceptions that were detected such as over or under payments.

- **System Security.** There is no definitive way to identify the employee that processed each transaction in the EHS information system. Month-end transaction detail reports used to monitor EHS revenue activity do not identify employees (e.g. terminal number). Access to the EHS information system is not restricted by employee, therefore EHS staff could enter transactions in areas outside their area of responsibility.

Recommendations

Appropriate personnel should take corrective action to address the concerns noted. Specific recommendations include the following.

- ✓ A major component of any reporting system is proper monitoring and reconciliation. It is imperative that administrative staff reviews information on a regular basis. This includes reviewing individual transactions for appropriateness, completeness and adherence to requirements, along with monitoring of financial system reports. Ultimately, transactions should be reconciled to the Metro financial statements to ensure the accurate and timely reflection of activity. This helps ensure the transactions were processed as intended and properly recorded. This also helps ensure the accuracy of, and strengthen the reliability of, the financial statements. In order to promote proper segregation of duties, an administrator independent of the actual processing of activity should perform this function.
- ✓ All activity posted to the Health Receipts Clearing account should be routinely reconciled (e.g. monthly) to ensure transactions were processed as intended. In addition to reconciling the bank activity and monitoring individual journal transactions, a complete assessment of all clearing account activity should be performed to ensure activity appears appropriate. The reconciliation should be documented to indicate it was performed.
- ✓ EHS personnel should contact the business office to request the appropriate financial system reports so applicable revenue activity can be monitored and reconciled on a regular basis. This will help ensure the accurate and timely reflection of activity.
- ✓ Reconciliations should be documented. At a minimum, the reviewer's signature and date of review should be noted on activity reports to indicate the review was performed and the data appears appropriate.
- ✓ A key element of any successful database is being able to produce reliable and accurate report information. EHS personnel should consider developing reports for the lifeguard database that will generate information to facilitate the reconciliation process for lifeguard activity.
- ✓ Any discrepancies noted during routine monitoring activities should be thoroughly investigated and the outcomes properly documented. Explanations should be appropriately noted for all account balances written off.

- ✓ EHS personnel should maintain all key reports (e.g. Cash Receipts Entry report) used in reconciliation processes. The reports provide support documentation that transactions were processed as intended.
- ✓ Appropriate personnel should contact the administrators of the EHS information system to request that identifying information be added to key system reports. This will increase the accountability of the transactions processed, as well as facilitate the month-end monitoring process.

#4 – Program Activity

Some issues were noted with the Environmental Health Services program activity. As a result, the internal control structure is weakened and its effectiveness impaired. Specifics include the following.

- **Support Documentation.** Support documentation was missing or insufficient with regards to several aspects of EHS program activity.
 - EHS verbally assesses fees to swimming areas for minor reconstruction work, and does not require documentation for the processing or receipt of the fees. This greatly increases the risk that inappropriate fee amounts could be assessed or that fees could be diverted for inappropriate use (i.e. fees could be used for personal benefit without detection). As a result of this practice, there was one case noted where documentation was not available to support the \$100 fee assessed to a swimming area.
 - Profile sheets are used to record establishment information that is essential in determining the amount of fees to assess for inspections and permits. The data is keyed into the EHS information system, and in turn, invoices are generated according to applicable activity. According to EHS personnel, profile sheets should be prepared anytime the status or profile of an establishment changes. Several cases were noted in which the establishment profile sheets were not up to date, not on file, or did not agree to data recorded in the information system. This could result in establishments being assessed inappropriate fee amounts for inspections and permits.
 - A documented agreement has not been established between the Public Health and Wellness and an outside organization. The agreement allows the organization a fee exemption for lifeguard and pool attendant certifications in exchange for allowing certification testing at their facilities.

- **Activity Processing.** The processing of interagency billings to Metro agencies (e.g. Metro Parks, Louisville Gardens) is delayed. Delays in processing postpone the issuance of valid permits and certifications required to comply with State and local regulations.
 - Food permits expire each year on December 31st. However, interagency billings to Metro agencies are not processed until March of the following year. This results in establishments operating with an expired permit.
 - Interagency billings for lifeguard certifications are performed twice a year, regardless of when the services were rendered.

Recommendations

Appropriate personnel should take corrective action to address the concerns noted. Specific recommendations include the following.

- ✓ EHS personnel should document all work performed and fees assessed relating to minor reconstruction work for swimming establishments. The documentation will help ensure consistent and appropriate fee assessments, and provide adequate support documentation for work performed.
- ✓ Profile sheets are the primary source documentation for the assessment of fees for each establishment. Profile sheets should be prepared anytime the status or profile of an establishment changes in order to keep records and billing data up to date.
- ✓ EHS should consider implementing a checklist system for establishment files. This would help ensure that all necessary documentation is on file and up to date.
- ✓ Agreements with outside organizations should be documented and readily available for reference purposes to all applicable personnel. The agreements should document the responsibilities of both the outside organization and Metro Government, to include the services provided and associated fee exemptions, and signatures of authorization from each party. Agreements serve as a basis for the terms all parties will follow. They should be finalized prior to any services being provided.
- ✓ Public Health and Wellness staff responsible for initiating formal agreements with internal and external organizations should contact Metro Finance's Risk Management division for guidance on documenting agreements. This would help ensure that all applicable areas of risk for Metro Government have been identified, mitigated, and documented.
- ✓ Interagency billings should be processed as services are rendered, or in the case of food permits, at the same time external establishment invoices are sent out. This will allow for a more accurate and timely reflection of revenue activity on the financial statements.

Department of Public Health and Wellness Corrective Action Plan

The following is the Department of Public Health and Wellness' corrective action plan.

- The Department of Public Health and Wellness is currently recruiting for a new Business Manager I. Upon hiring of this position, the immediate and primary duties of the individual will be to write standard operating procedures concerning areas of collections of revenue that have occurred in the Environmental Health Division. Another primary responsibility will be to work extensively with the accounting system, Environmental Health Management Information System (EHMIS) to determine proper use. The individual will work with management staff of the Environmental Division to assure that all policies and procedures are issued. They will also help establish routine time lines for billing activity and begin to review and monitor the collection activity.
- In addition to the Business Manager, the Environmental Division has also transferred an employee to the supervision of the Business Office. This will assure more segregation of duties, as certain revenue and posting activities will be transferred to the Business Office. The Business Office can more readily split duties of collecting and posting, to separate individuals. The employee will work with the Business Manager to transition the posting and will assist with writing standard operating procedures. Other Business Office personnel will be involved with collecting money and/or making deposits.
- Management staff of the Environmental Division will assure that filing is completed in a timely manner, changes are made within both the paper systems and computer systems in a timely manner, program activity policies and procedures are written, and followed.
- Some recommendations have been completed or started as of August 13, including working with Metro Finance to set up new revenue accounts. Most will be completed within 6 months, and all will be accomplished within 1 year.