



# Women's Protective Services of Lubbock

## A Texas Health and Human Services Commission Family Violence Program Contractor

### Results in Brief

#### Why OIG Conducted This Audit

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) initiated this audit in response to its annual risk assessment process and to gain audit coverage of grant contracts awarded by the Texas Health and Human Services Commission (HHSC).

Women's Protective Services of Lubbock (WPS) is an HHSC Family Violence Program contractor that provides crisis intervention, emergency shelter, and support services to battered women and their dependent children in Lubbock, Texas, and surrounding communities. HHSC awarded WPS \$1.07 million in grant funding for services delivered in 2021 and \$1.08 million in grant funding for services delivered in 2022.

#### Summary of Review

The audit objective was to determine whether WPS (a) had financial processes and related controls to ensure compliance with selected rules and contract requirements, and (b) revised the budget for the selected grant to account for Paycheck Protection Program funding.

The audit scope covered the period from April 1, 2020, through August 31, 2022.

#### Conclusion

Women's Protective Services of Lubbock (WPS) had documentation to support the following areas:

- All 210 salary transactions tested were accurate and supported.
- The amount recorded in the general ledger equaled the approved HHSC budget for all 16 employees tested.
- All 60 non-payroll expenses tested were allowable.
- All tested household items purchased under the Pandemic Economic Assistance fund were supported, allowable, and included documentation of client receipt.

WPS' budget was revised to reflect changes due to the additional funding received under the Paycheck Protection Program.

However, WPS did not have sufficient processes and controls in place to ensure (a) assets were secured and tracked, (b) non-payroll expenses were accurate and supported, and (c) grant funds were used efficiently. Specifically:

- A \$1,599.99 laptop computer was not tested promptly. It was opened and discovered to be inoperable after the 30-day warranty had passed. Storing electronic items without first checking for operability increases the risk of ineffective use of funds and potential waste.
- WPS paid \$1,200 for the installation of a heating, ventilation, and air conditioning system that had been purchased in June of 2021 but not installed more than a year later. Paying for installation in advance, without a defined installation date, increases the risk of waste if the service is not provided.
- Of the 76 items observed during on-site testing, 46 (61 percent) were not in use by WPS clients or staff. Of the 46 items, 25 (54 percent) had not been placed in use for 12 months or longer after the purchase date. Insufficient processes and controls related to tracking items purchased creates the potential for waste.

## Background

HHSC awarded a grant contract to provide residential and non-residential family violence services, which were joint state and federal funded. It included amendments for the (a) Coronavirus Aid, Relief, and Economic Security Act; (b) American Rescue Plan; (c) American Rescue Plan "COVID Mitigation," and (d) Pandemic Emergency Assistance Fund.

Additionally, HHSC awarded a separate jointly funded grant contract to WPS to support the Enhanced Family Violence Services project.

WPS also received \$263,900 in Paycheck Protection Program federal funding in 2020. While this funding was not itself subject to this audit, it did require WPS to revise its \$804,049 budget for the 2020 Residential/ Non-Residential Contract. WPS reallocated \$190,983 of HHSC funding from WPS salaries and fringe benefits to professional or contract services, consumable supplies, and other cost categories.

## Management Response

OIG Audit presented preliminary audit results, issues, and recommendations to WPS in a draft report dated June 13, 2023. WPS indicated corrective actions for most recommendations had already been implemented; however, was silent on one recommendation. WPS' management responses are included in the report following each recommendation. OIG Audit communicated other, less significant issues to WPS in a separate written communication.

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- WPS' expense report included documentation of an order for a storage cabinet totaling \$2,879.96 split between two HHSC grants; however, the order was cancelled and WPS was not charged. WPS' accounting processes did not ensure timely follow up for reconciling items purchased and received.

Weaknesses in WPS' segregation of financial duties included:

- Risk of Management Override: With access to every aspect of the purchasing function and without controls over their authority, the executive director and deputy director roles are not controlled.
- Receiving: Of the 54 tangible expenditures tested 23 (43 percent) were received outside of the WPS business and auditors were unable to verify if the items were received at WPS.
- Credit Card Access: The executive director was reimbursed \$110, 478 in 2021 and \$141,952 in 2022 for expenses purchased under the HHSC grants with his personal credit card. WPS asserted that it could not obtain a credit card with a limit over a minimal amount in the entity's name.
- Signature Stamps: Both the executive director and deputy director have signature stamps, which the financial coordinator and financial assistant use. Stamped signatures appeared on accounts payable checks and the financial coordinator's own salary form. WPS did not have a written policy or a process to identify when the financial coordinator or financial assistant is allowed to use signature stamps.

## Recommendations

WPS should:

- Develop and define (a) a process to ensure all items purchased are received, (b) inventory processes for consumable items, and (c) inventory processes for non-consumable assets such as appliances and electronics.
- (a) Repay HHSC \$2,879.96 for the item refunded and determine if there were additional instances of overstating expenses for purchases not completed, (b) work with HHSC to correct its reporting and repay unexpended grant funds, (c) strengthen processes and controls related to receiving, and (d) implement monitoring controls associated with financial processes if segregation of duties is not possible.