

November 29, 2007

Internal Audit Report 2007-12
Cash Controls
Health and Human Services

Introduction. The Environmental Services Division and the Community Health Services Division are part of the department of Health and Human Services. In 2006, the Environmental Services Division collected about \$2.4 million in revenue for processing child and adult care licenses or permits, vehicle inspection and maintenance certificates and waivers, food establishment permits, noise permits, air quality operating permits, beauty and barber shop permits, public pools and spas permits, and commercial pesticide applicator permits. In 2006, the Community Health Services Division collected \$440,641 in revenue for family planning services, immunizations, evaluation and treatment of sexually transmitted infections, breast and cervical health screening, and tuberculosis control.

Objective and Scope. The objective of this audit was to determine whether the Environmental Services Division and Community Health Services Division had proper cash controls in place, and if these controls were in compliance with Municipal Policy and Procedure (P&P) 24-1, *Collecting, Securing, Depositing and Reporting Cash*. To accomplish our objective, we performed surprise cash counts, verified that deposits were made timely, and reviewed cashier daily summary reports for completeness. We also reviewed and tested billing and collection transactions for fees, payments collected, and 30 selected client visits. Finally, we inventoried inspection and maintenance certificates and waivers.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the

circumstances. The audit was performed during the period of July through August 2007. The audit was requested by the Administration.

Overall Evaluation. Cash control procedures were generally satisfactory and complied with P&P 24-1 in the Environmental Services and Community Health Services Divisions. However, we found no evidence of unscheduled cash/check counts at both divisions, and segregation of duties could be improved at the Community Health Services Division.

FINDINGS AND RECOMMENDATIONS

1. No Evidence of Unscheduled Cash Counts.

- a. Finding.** Supervisors did not perform, or could not document, unscheduled cash/check counts and reconciliations for each cashier on a monthly basis in both the Environmental Services and Community Health Services Divisions. P&P 24-1 states that “The supervisor of each collection location must perform an unscheduled cash/check count and reconciliation for each cashier at least once per month” and report the results on June 30 and December 31 of each year to Cash Management. A similar condition was reported in our prior audit report 98-09.
- b. Recommendation.** The Director of Health and Human Services should ensure that unscheduled supervisory cash/check counts are performed and documented as required by P&P 24-1.
- c. Management Comments.** Management concurred and stated,

“**Environmental Services Division:** Corrected on the spot. Monthly unscheduled cash/check counts and reconciliations per cashier are now being documented. Results will be sent to Cash Management as required.

“Community Health Services Division: Health Information Management Program Manager will complete a surprise cash count monthly. A log has also been established to track date, time and results of each cash count. This information will be reported every June 30th and December 31st of each year to Cash Management.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Segregation of Duties Could Be Improved.**

- a. **Finding.** We found a lack of segregation of duties regarding controls over cash/checks and the posting of payments at the Community Health Services Division. Specifically, we found that cashiers opened payments received in the mail and posted the same payments to the accounts receivable system. As a result, there is an increased risk of undetected errors and/or misappropriation of funds.

- b. **Recommendation.** To reduce the risk of error and/or misappropriation, the Director of Health and Human Services should ensure that the individual that opens payments received by mail does not also post the payments to the accounts receivable system.

- c. **Management Comments.** Management concurred and stated,

“As of October, these tasks have been separated. Mailed payments are opened by the records clerk and logged on a spreadsheet. The records clerk then passes the mail to the billing staff to post to the accounts receivable system. The Health Information Management Program Manager will review the log periodically against the daily posting report to verify that the amounts logged are consistent with the amounts posted.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on October 22, 2007.

Audit Staff:
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