Report on Cash Controls - Non-Clinical Areas #14-113

We have completed our audit of Cash Controls - Non-Clinical Areas. This audit was performed at the request of the UTHHealth Audit Committee and was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

BACKGROUND

The University of Texas System, Systemwide Policy (UTS) 166 Cash Management and Cash Handling was issued to institute controls and standardize cash management policy across The University of Texas System. To support this policy, UTHHealth has issued Handbook of Operating Procedures (HOOP) 188, Receipt of Cash, and HOOP 71, Petty Cash and Change Fund Custodial Responsibilities. The UTHHealth Bursar’s Office has also issued guidelines on handling petty cash and change funds.

OBJECTIVES

The objective of this audit was to determine the accuracy of petty cash and change fund amounts and to assess the adequacies of controls.

SCOPE AND METHODOLOGY

The scope of this audit was petty cash and change funds for all non-clinical areas.

Auditing and Advisory Services (A&AS) obtained a listing of all petty cash and change fund accounts from Treasury Services. There were 56 petty cash funds with a total of $90,210 and 18 change funds with a total of $34,512 in the population lists we received.

From this population, we selected 11 petty cash and 2 change funds, which totaled $36,850. We also tested all change and petty cash funds assigned to the UT Parking Services department, totaling $35,912.

We visited each custodian, performed a count of their petty cash or change fund, reviewed supporting documentation for expenditures, and observed the general controls over the funds.
AUDIT RESULTS

Non-Clinical Cash Review

We counted and reviewed the adequacy of controls for a total of 13 petty cash or change funds. Eight of the funds had good controls and balanced to the amount issued by Treasury Services. The remaining five had control issues.

Among the control issues we encountered were the following: two funds had different custodians than what Treasury Services listed on file, two did not maintain adequate records of chain of custody, one had multiple users with access to the funds, and two had shortages, but did not know they needed to report the differences and restore the fund through Treasury Services to the issued amount.

Parking Services Cash Review

We reviewed all funds issued to UT Parking Services. Officially, there are five change funds and two petty cash funds issued to Parking Services. These funds are split into smaller amounts to serve 15 automatic parking machines, nine spare change funds to replenish the parking machines, two petty cash funds for the parking offices in the University Center Tower and the UT Professional Building, and three change funds used by the Parking Services cashiers.

Overall, the parking funds at the UT Professional Building have adequate processes in place. Controls over the funds at the University Center Tower office should be strengthened. We spoke with management, and received assurance that steps are being taken to correct the issues.

Clinical Cash Review - UTP

The initial scope of this cash control audit was non-clinical areas. However, the scope was expanded to include four clinical areas where cash losses had recently been discovered. Our review was limited to a review of the control environment. The University of Texas Police Department (UTPD) performed a separate review for any possible criminal activity.

In total, approximately $2,400 was reported missing by the clinics. Three of the clinics had one loss ranging in amounts from $150 - $323. The fourth location had three separate losses totaling $1,645.

During our controls review at each of these clinics, we noted that although UT Physicians had established procedures for the handling and safeguarding of cash, the various controls established to prevent such occurrences were not followed. Some notable control weaknesses were the lack of timely deposits, reconciliations, and proper segregation of duties for the recording and custody of cash, which are all violations of established procedures.

In each of these occurrences, a key control was not being followed by the clinics. We suggest UT Physicians (UTP) provide additional training concerning the importance of following established cash control procedures. If there is an occasion where a clinic believes they have a valid reason for deviating from established processes, a written request detailing the reason and mitigating
controls should be required. No changes should be made to those processes without written approval from UTP and Treasury Services.

CONCLUSION

Based on our review, controls over petty cash and change funds in non-clinical areas have been established and are being followed with some exceptions, which are being corrected. For clinical areas, controls have been developed but are not being followed by all clinics.

We would like to thank Treasury Services and the petty cash and change fund custodians throughout the institution who assisted us during our review.

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