Objective and Scope
At the request of Treasury Services, on February 12, 2015, Internal Audit performed a cash count of the cashier drawers, clinics’ change bags, and vaults at Main, Mays Clinic, and Mid Campus Building 1. The objective of this review was to confirm the accuracy of these cash balances.

Results
Based upon our cash counts, we identified four immaterial cash variances ranging from $1 to $40 for the various locations noted above. In addition, we observed an opportunity to improve controls over the cash handling process by consistently recording the transfer of cash custody and requiring all primary custodians to have a signed Statement of Cash Responsibility on file. The details of these observations are documented in Observations #1 and #2.

Management Summary Response
The shortage for 1MC, Main and ACB cashiering operations was $6.00 in total. Additionally, management agrees with the #1 and #2 recommendations concerning the recording of the cash bag ownership and the Statement of Cash fund documents. We will implement improvements to staff training, controls and cashiering documents for the current operation, but also in anticipation of EHR.

Appendix A outlines the methodology for this project.
The courtesy and cooperation extended by the Cashier Offices and Treasury Services was sincerely appreciated.
Observation 1:
**Transfer and Recording of Cash**
Treasury Cashiers are not consistently recording the distribution of the clinics’ cash bags in iPayment. The current practice is for Treasury to store all clinic cash bags in the vault at the close of each business day. The following morning, the bags are distributed to the clinics and an entry is posted in iPayment that records the custody transfer back to the clinics. We identified three cash bags collected by the clinics that were not recorded in iPayment as a distribution. According to the institution’s handling procedures, proper recording of custody is required to ensure accountability.

**Recommendation:**
Treasury should ensure that all transfer of custody is recorded in the iPayment System at the time the actual distribution occurs. Training should be conducted periodically to ensure all cashiers are aware of established policies and procedures regarding the transfer of cash custody.

**Management’s Action Plan:**
Responsible EVP: Leon Leach
Owner: Christa Lynch
Observer: Chris McKee
Due Date: July 15, 2015

*Management agrees with the recommendations. The clinic bag log will be revised to capture the names and signatures of both clinical and Cashier’s Office employees involved in each distribution transaction. Clinic bag distribution logs will be reconciled daily and the Cashier’s Office Supervisor will reconcile the logs to the iPayment system reports.*

*The Cashier’s Office Supervisor will re-train each Treasury Cashier on all Cashiers’ Office processes. This one-on-one program will include hands-on systems training as well as a review of critical policies and procedures.*

Observation 2:
**Statement of Cash Fund Responsibility**
Institutional policy requires a primary custodian to sign a Statement of Cash Fund, acknowledging responsibility for the respective clinic’s change bag. The policy also states, in the event a custodian moves to another clinic or leaves the Institution, a Transfer of Cash Fund Accountability form must be completed. During our review, we noted that 50 percent (11/22) of the Statement of Cash Responsibility Forms did not have a documented custodian and were erroneously used as a transfer form. Without a completed and signed form on file, management cannot hold custodians accountable.

**Recommendation:**
Management should educate new custodians on their responsibilities and proper form completion. The above forms should be completed as required by the Cash Manual by the respective clinics.
Management agrees with the recommendations. The current “Statement of Cash Fund” and “Transfer of Cash Fund Accountability” forms will be revised to improve its understanding and completion by cash handling personnel. We will include any changes to the documents and controls that need to be implemented for the EHR project. Additionally, related areas in the Cash Manual will be revised as needed. Treasury Services management will prepare a “help sheet” of critical cash fund information and distribute it to all cash fund custodians. Special attention and education will be provided to new custodians. To account for all Institutional cash funds and ensure all records are accurate/up-to-date, Treasury Services will perform audits to ensure that the processes and controls are being followed.
Appendix A, Methodology:

Our procedures included the following:

- Confirmed the Main, Mays Clinic, and 1MC vault reserve amounts provided by the Manager of Treasury Services, $31,000, $18,000, and $4,000, respectively.
- Witnessed change order requests and counts from two MDACC departments.
- Counted 100% of the reserve amounts at all three vaults.
- Counted 100% of the three Cashiers’ drawers at Main and the two drawers at the Mays Clinic. 1MC does not have cashier drawers.
- Reconciled the entire Cashiers’ drawer amounts to the iPayment transaction report.
- Counted 100% of the 22 MDACC clinics’ cash bags and four Cashiers drawers stored in the vaults.
- Confirmed each of MDACC clinics’ cash bags assigned to Main (17 bags) and Mays Clinic (5 bags) were either stored in the vault or picked up by the corresponding clinic.
- Reconciled all 22 of the MDACC clinics’ cash bags to the Clinic Bank Log and the iPayment Clinic Distribution Report.
- Reviewed the Statement of Cash Responsibility forms for all 22 of the clinics’ cash bags.
- Observed the physical security for each vault.

SM/adl/ep

cc: Leon Leach
    Chris McKee
    Brad Gibson
    Christa Lynch