



The University of Texas Medical Branch
Audit Services

Audit Report

Cash Collections

Engagement Number 2024-012

June 2025

The University of Texas Medical Branch
Audit Services
301 University Boulevard, Suite 4.100
Galveston, Texas 77555-0150

Cash Collections Audit

Engagement Number: 2024-012



Background

As part of the Fiscal Year 2024 (FY24) audit plan, Audit Services conducted a comprehensive review of cash collection processes within The University of Texas Medical Branch's (UTMB Health) hospital clinics. The objective was to assess the effectiveness of internal controls implemented by Treasury Services, General Accounting, Revenue Cycle, and ambulatory clinic operations to ensure proper handling and accountability of cash collections. The Institutional Support Finance division, under the oversight of the Office of the Executive Vice President and Chief Financial Officer, encompasses both Treasury Services/Bursar's Office and General Accounting. The Clinics Administration and Support department (Ambulatory Operations) oversees clinic operations and processes.

During FY24, Treasury Services experienced leadership and management transitions and undertook a comprehensive review of current processes, focusing on payment methods, exploring cashless opportunities, and assessing financial workflows.

UTMB Health hosts patients across four hospital campuses and over 100 clinics. Throughout FY24, UTMB Health employees utilized EPIC to record \$31.7 million at patient care facilities, with 9% (\$2.9 million) of those transactions deriving from cash or checks.

Treasury Services records Offsite Clinic Deposits (OCDs) for collections, separately from the main hospital collections. Treasury staff upload OCDs into the general ledger within PeopleSoft FMS each day, a process that includes downloading transaction data from the bank, reconciling bank deposit to EPIC, and validating supporting documentation via SharePoint. Supporting documentation includes Closing Reports, receipts, and other collection substantiation. On average, UTMB Health records approximately 1,000 EPIC cash and check transactions per week ranging from \$30,000 to \$125,000.

Financial Accounting and Reporting is responsible for IHOP 04.04.13 Cash Handling and Reporting policy. Under these guidelines, designated custodians or department heads are given primary responsibility for cash handling procedures and controls within their respective departments and clinics. The IHOP mandates that all employees involved in cash handling complete online Cash Handling Training within the first 30 days of employment, with a required renewal course every two years. Additionally, the University of Texas System (UTS) policy establishes minimum requirements and offers limited guidance on the specific implementation of these controls.

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Objective, Scope, and Methodology

The audit aimed to evaluate the effectiveness and efficiency of the internal controls in place over cash collections at offsite clinics, to determine whether they are designed and operating effectively to safeguard cash and prevent errors or fraud. The audit covered internal controls related to cash handling, processing and recording deposits, segregation of duties, bank reconciliation processing, and safeguarding of assets for FY24. We performed the following procedures:

- Evaluated cash handling policies and procedures.
- Conducted interviews with General Accounting, Treasury Services/Bursar's Office, Revenue Cycle, and clinics to gain an understanding of the cash handling process and determine compliance with established policies and procedures.
- Utilized data analytics to review cash collections within the Epic and PeopleSoft FMS systems for FY24.
- Performed in person cash audits at offsite clinics.

Executive Summary

The audit of Cash Collections revealed a reliance on manual processes in some areas, and inconsistent adherence to standards established for transaction recording between the Electronic Health Record (Epic) system and PeopleSoft Financial Management System (FMS). These issues highlight opportunities to improve process efficiency and strengthen the internal control environment.

Detailed Results

Standardized Naming Conventions

Review of transaction data entered in both Epic and PeopleSoft FMS systems were not consistently entered using pre-established standardized formatting and a shared clinic identifier. This created challenges to enable clear traceability and efficient reconciliation across platforms. Interviews and data analysis also revealed variances in key data fields, making it difficult to trace transactions from start to finish.

Recommendation 001 High – Standardized Naming Conventions:

General Accounting, Treasury Services, Revenue Cycle, and Clinic Operations should collaborate to train staff to use standardized naming conventions and communicate key data fields to be used consistently in both Epic and PeopleSoft FMS systems. This standardization will enhance data consistency, improve traceability, and support more efficient cash management and reconciliation processes.

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Management's Response:

We concur with the recommendation. Treasury Services will lead the coordination effort to ensure staff are trained.

Responsible Party:

Mehreen Porbandarwala, Director Treasury and Accounts Payable
Jenny Lanier, Director Clinic Practice Optimization

Implementation Date: August 31, 2025

Epic to PeopleSoft FMS – Deposit Reviews

A systematic review process is in place to ensure that cash transactions recorded in Epic are accurately reflected in PeopleSoft FMS and deposited timely from the point of collection. PeopleSoft FMS entries are made primarily using bank-provided details. Epic and PeopleSoft FMS are not integrated and utilize differing recording methodologies. The process to trace transactions and verify the timeliness of deposits is manual.

Recommendation 002 High – Epic to PeopleSoft FMS – Deposit Reviews:

Treasury, Information Technology, Revenue Cycle, and Ambulatory Clinic Administration should collaborate to automate the review process where possible. The review process should include cross-referencing daily bank deposits with Epic and tracking the timeliness of each deposit by comparing the date of collection in Epic to the deposit date.

Management's Response:

We agree with the recommendation. Treasury Services, Revenue Cycle, and Ambulatory Clinic Administration will collaborate to assess automation opportunities and define associated specifications.

Responsible Party:

Mehreen Porbandarwala, Director Treasury and Accounts Payable
Jenny Lanier, Director Clinic Practice Optimization
Ejay Birkmeyer, Assistant Vice President, Revenue Cycle

Implementation Date: November 30, 2025

Secure Transportation Measures

To facilitate the transportation of cash collections, UTMB Health has contracted with Loomis, a third-party vendor that provides armored transportation services. Currently, Loomis picks up deposits from ten designated centralized locations on campuses and clinics and transports the deposits to the appropriate banking institutions and/or Treasury Services. These ten centralized locations represent 71% of the 113 clinic locations. As a result, clinic and department staff are responsible for ensuring proper deposit of funds for the remaining clinics.

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Treasury Services is piloting the SafePoint cash management tool. The system involves a secure safe functioning like an ATM, allowing cash to be deposited and automatically credited to the bank. It is currently being tested and evaluated for feasibility at high cash collection sites and has the potential to reduce Loomis expenses by decreasing the frequency and volume of armored cash pickups.

Recommendation 003 High – Secure Transportation Measures:

The Office of the Controller should collaborate with Ambulatory Operations to continue to evaluate the use of SafePoint for large volume locations and perform risk assessments of other cash collecting locations to consider alternatives for cash collections.

Management's Response:

We concur with the recommendation. Risk assessments will be performed and will assist in identifying opportunities/alternatives to the current cash collection process at the various clinic locations.

Responsible Party:

Mehreen Porbandarwala, Director Treasury and Accounts Payable
Jenny Lanier, Director Clinic Practice Optimization
Sharon Chapman, Director Ambulatory Support Services

Implementation Date: January 31, 2026

Internal Control Framework – IHOP Policy

Institutional policy and procedures are established to provide clear and comprehensive guidance for department heads and designated custodians to implement effective cash handling controls, with regular oversight from the governing entity to ensure compliance and consistency across all departments. Cash handling controls and processes at UTMB Health are governed by the University of Texas System (UTS) 166 Cash Management and Cash Handling policy, along with the Institutional Handbook of Operating Procedures (IHOP) 04.04.13 Cash Handling and Reporting. The UTS policy provides system-wide requirements and guidelines, while the IHOP serves as the institutional policy specific to UTMB Health for the handling, receipting, depositing, and reporting of all cash operations.

Recommendation 004 Medium – Internal Control Framework – IHOP Policy:

The Office of the Controller should work collaboratively with operational leadership to review existing procedures and update where it is necessary to provide practical guidance on cash controls and to assist with following the policies. Additionally, ensure tailored training is provided to department heads and custodians to improve understanding and ensure consistent application of cash handling best practices.

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Management's Response:

We concur with the recommendation. Treasury Services and Ambulatory Clinic Administration will partner to review and update existing procedures. Once completed, training will be provided.

Responsible Party:

Mehreen Porbandarwala, Director Treasury and Accounts Payable
Jenny Lanier, Director Clinic Practice Optimization

Implementation Date: January 31, 2026

Standard Operating Procedures – Treasury Services

Departmental Standard Operating Procedures (SOPs) and policies outline critical processes to safeguard institutional knowledge and ensure consistent practices are documented. Treasury Services is in the process of reviewing and updating SOPs as part of their improvement initiatives.

Recommendation 005 High – Standard Operating Procedures – Treasury Services:

Treasury Services should continue to review and revise SOPs and policies for all critical processes. Additionally, staff should receive training and cross-training on the SOPs to ensure consistent application and reduce operational risks.

Management's Response:

We concur with the recommendation. This is an on-going initiative.

Responsible Party:

Mehreen Porbandarwala, Directory Treasury and Accounts Payable

Implementation Date: August 31, 2025

Detailed Results – Clinic Observations

Designated custodians/department heads, per IHOP 04.04.13, are responsible for individual clinic policies and procedures related to cash handling, cash collections, and management of change funds. Procedures vary across clinic locations and in some instances do not exist. This is often due to staffing and geography and as a result many departmental custodians and supervisors face challenges applying consistent and effective cash handling practices. This was observed during walkthroughs, which revealed control gaps at some locations.

Specifically, a review of compliance with policies and procedures identified inconsistencies and non-compliance in the clinics related to secured change funds, cash tracking logs, random audits, secured transport of cash, and minimal management reporting.

Recommendation 006 High – Ambulatory Clinics:

Ambulatory Clinic leadership should conduct a thorough review of existing policies and procedures to address identified inconsistencies and non-compliance. Key areas of focus should include, but are not limited to:

- Strengthening cash security measures by implementing the use of locking cash bags and/or secure safes/cabinets.
- Establishing and maintaining cash tracking logs to ensure proper documentation of cash custody transfers.
- Conducting periodic random audits to reinforce accountability and mitigate financial risks.
- Assessing the feasibility and potential implementation of SafePoint for enhanced cash handling security.
- Enhancing management reporting to improve oversight, tracking compliance trends and anomalies, and facilitating informed decision making.

A structured approach to these improvements will enhance compliance, reduce vulnerabilities, and promote operational efficiency in clinic cash management.

Management's Response:

Ambulatory Clinic leadership will review existing policies and procedures to address inconsistencies and non-compliance. We will partner with Finance to develop and strengthen procedures as needed.

Responsible Party:

Jenny Lanier, Director Clinic Practice Optimization

Implementation Date: January 31, 2026

Conclusion

We greatly appreciate the assistance provided by the Treasury Services/Bursar's Office, General Accounting, and Ambulatory Operations and hope that the information presented in our report is beneficial.

This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

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Observation Ratings

Priority	An issue that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of the University or the UT System as a whole.
High	An issue considered to have a medium to high probability of adverse effects to a significant office or business process or to the University as a whole.
Medium	An issue considered to have a low to medium probability of adverse effects to an office or business process or to the University as a whole.
Low	An issue considered to have minimal probability of adverse effects to an office or business process or to the University as a whole.

Report Date:

June 25, 2025

Report Distribution:

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