

**MHMRA**  
*of Harris County*

**INTERNAL AUDIT REPORT**

*SOUTHWEST REHABILITATION  
UNANNOUNCED PETTY CASH  
AUDIT REPORT No. PCSR0111  
June 29, 2011*

**AUDITOR'S REPORT**

**Southwest Rehab – Unit #2775  
Unannounced Petty Cash Audit**

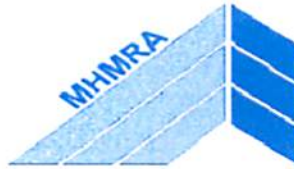
**Harris County, Texas  
Internal Audit Report**

**June 29, 2011**

**Michele L. Johnson MPA, CFE**

**Staff Internal Auditor**





MENTAL HEALTH MENTAL RETARDATION  
AUTHORITY OF HARRIS COUNTY

June 29, 2011

Steven B. Schnee, Ph.D.  
Executive Director  
MHMRA of Harris County  
7011 SW Freeway  
Houston, TX 77074

Re: Unannounced Petty Cash Audit (Audit #PCSR0111)  
Southwest Rehab – Unit #2775

Dear Dr. Schnee:

The Internal Audit Department has completed an unannounced petty cash audit of the \$200 Petty Cash Fund for the Southwest Rehab, Unit #2775 for the period ending May 31, 2011.

The review was designed to assist management with the assessment of the adequacy of internal controls related to the issuance, use, and control over the petty cash process. Additionally, the financial audit evaluated compliance with MHMRA Policy and Procedure **BUS-F/B: 16.1-16.3**.

Based on the results of the work, there were no significant examples of non-compliance with **BUS-F/B: 16.1-16.3**. Accordingly, it was concluded that the controls over the use of petty cash do provide management with reasonable assurance that the fund is adequately safeguarded, disbursed, and replenished in compliance with **BUS-F/B: 16.1-16.3**.

Internal Audit appreciates the cooperation extended by personnel during the course of the audit.

Respectfully submitted,

-S-

Michele L. Johnson, MPA, CFE, Staff Internal Auditor

Cc: Rose Childs, MSW, Deputy Director, Mental Health Division  
Kenneth Collins, LMSW, Deputy Director, Mental Retardation Division  
Barbara Dawson, MSE, Deputy Director, Comprehensive Psychiatric Emergency Program Division  
Daryl Knox, MD, Medical Director, Comprehensive Psychiatric Emergency Program Division  
Sarah Flick, MD, Medical Director, Mental Retardation Services  
Sylvia Muzquiz, MD, Medical Director, Mental Health Services  
Jeanne Mayo, MS, JD, General Counsel  
Alex Lim, MBA, CPA, Chief Financial Officer  
Scott Strang, Ph.D., MBA, Chief Operating Officer  
External Audit Firm  
Audit Committee:  
Tom Hamilton, Ph.D. (Chairman)  
Bob Borochoff  
Jane B. Cherry  
Paige M. Cokinos  
Charles O. Buckner, CPA  
Vicki S. Raynold, CPA

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### SCOPE AND PURPOSE

Internal Audit has completed an audit of the \$200 Petty Cash Fund for Unit #2775, for the Southwest Rehabilitation, for the period ending May 31, 2011. The objective was to assist management with the assessment of the adequacy of internal controls related to the petty cash process. Additionally, the audit evaluated compliance with MHMRA Policy and Procedure **BUS-F/B: 16.1 – 16.3**.

The scope of the work did not constitute an evaluation of the overall internal control structure of the unit. The examination was designed to evaluate and test compliance with procedures and adequacy of the internal controls related to the petty cash fund. This was a financial related audit executed in accordance with generally accepted government auditing standards (GAGAS).

Unit management is responsible for establishing and maintaining a system of internal controls to adequately safeguard assets in relation to the use of cash, which is an integral part of the unit's overall internal control structure. The objectives of a system or plan are to provide management with reasonable, but not absolute assurance that the organization's usage of petty cash is adequately controlled and used in accordance with administrative procedures and is safeguarded against loss.

Because of inherent limitations in any system of internal controls, errors or irregularities may occur and not be detected in a timely manner. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

### CONCLUSION

Based on the results of the audit, Internal Audit concluded that internal controls over the use of the Petty Cash Fund – Unit #2775, the Southwest Rehab are adequate to provide management with reasonable assurance that this fund is adequately safeguarded, disbursed and replenished in compliance with policy and procedure **BUS-F/B: 16.1 – 16.3**.

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Michele L. Johnson, MPA, CFE

**ATTACHMENT A**  
**SUMMARY OF RECOMMENDATIONS**  
**June 29, 2011**

Unit: Southwest Rehab #2775 Area: Financial Audit		
Inherent Risk: Low <b>Moderate</b> High	Control Environment: Well Controlled <b>Acceptable</b> Poorly Controlled	Overall Risk: Low <b>Moderate</b> High
Type of Procedures: Audit		
Scope <ul style="list-style-type: none"> <li>• Using Internal Control Evaluation (ICEs) forms, documented internal controls</li> <li>• Conducted a preliminary survey reviewing applicable policies and procedures, etc.</li> <li>• Interviewed various staff, obtained understanding of management controls</li> <li>• Examined detailed receipts, vouchers, and supporting documentation</li> </ul>		
Priority Rating:	Audit Recommendations:	
Follow-up: Unannounced		

**Priority Rating**

1. Implement immediately (30 - 90 days) - Serious internal control deficiencies or recommendations to reduce cost, maximize revenues, or improve internal controls that can be easily implemented.
2. Work towards implementing (6 - 18 months) - Less serious internal control deficiencies or recommendations that cannot be implemented immediately because of constraints imposed on the unit (i.e., budgetary, technological constraints).
3. Implement in the future (2 - 3 years) - Recommendations that should be implemented but that cannot be implemented until significant and/or uncontrolled events occur (i.e. legislative changes, buy and install major systems, requires third party cooperation).