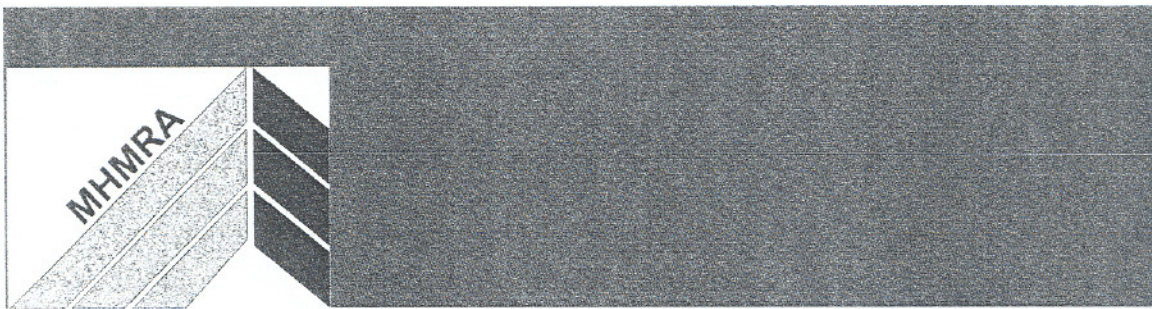


**EARLY CHILDHOOD INTERVENTION**

**UNANNOUNCED PETTY CASH AUDIT UNIT #3360**



**MENTAL HEALTH MENTAL RETARDATION  
AUTHORITY OF HARRIS COUNTY**

**Internal Audit Report**

**AUDITOR'S REPORT**

**Early Childhood Intervention**

**Unit #3360**

**Unannounced Petty Cash Audit**

**Harris County, Texas**

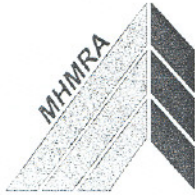
**Internal Audit Report**

**December 2, 2004**

**Henry E. Webb, CFE**

**Internal Auditor**





MENTAL HEALTH MENTAL RETARDATION  
AUTHORITY OF HARRIS COUNTY

December 2, 2004

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

SUBJECT: Executive Director  
Unannounced Petty Cash Audit – Unit #3360

Dear Dr. Schnee:

Internal Audit has completed an unannounced petty cash audit of the \$100 fund for Early Childhood Intervention, Unit #3360 for the period of March 1, 2003 through December 2, 2004.

The audit's objective was to assist management with the assessment of the adequacy of internal controls related to the petty cash process. Additionally, the financial related audit evaluated the Unit's compliance with the MHMRA Policy and Procedures **BUS-F/B: 16-1-16.3**.

Based on the results of the work, the auditor noted no significant examples of non-compliance with **BUS-F/B: 16-1-16.3**. Accordingly, the auditor concluded that the controls over the petty cash fund 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 the Unit personnel during the course of the audit.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Henry E. Webb'.

Henry E. Webb, CFE  
Internal Auditor

Cc: David Witt, MPA, CPA  
Jeanne Mayo, JD  
Eric S. Eaton, CPA  
Rose Childs, Deputy Director, Mental Health Division  
Kenneth Collins, Deputy Director, Mental Retardation Division  
Audit Committee:  
Tom Hamilton, Ph.D. (Chairman)  
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 \$100 Petty Cash Fund Unit #3360, Early Childhood Intervention, for the period of March 1, 2003 through December 2, 2004. 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 Procedures **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 internal controls related to the petty cash fund. This was a financial related audit executed in accordance with Generally Accepted Government Auditing Standards.

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

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected timely. 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 review, Internal Audit concluded that internal controls over Petty Cash Fund – Unit #3360 Early Childhood Intervention are adequate to provide management with reasonable assurance that this fund is adequately safeguarded, disbursed and replenished in compliance with Policy and Procedures **BUS-F/B: 16.1 – 16.3**.



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Henry E. Webb, CFE  
Internal Auditor

**ATTACHMENT A**  
**SUMMARY OF RECOMMENDATIONS**  
 December 2, 2004

Unit: 3360		
Area: Petty Cash Audit - Unannounced		
Inherent Risk:	Control Environment:	Overall Risk:
Low Moderate High	<i>Well Controlled</i> Acceptable Poorly Controlled	Low Moderate High
Type of Procedures: <b>Audit</b>		
Scope: * Using Internal Control Evaluation (ICEs) forms, documented the internal controls * Conducted a preliminary survey reviewing applicable policies and procedures, etc. * Interviewed various staff, to obtain understanding of management controls * Examined detailed receipts, vouchers, and logs		
Priority Rating:	Audit Recommendations:	
Follow-up: 1 Year		

**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 can not be implemented immediately because of constraints imposed on the unit (i.e. Budgetary, technological constraints, etc.).
3. Implement in the future (2-3 years) - Recommendations that should be implemented, but that can not be implemented until significant and/or uncontrolled events occur (i.e. legislative changes, buy and install major systems, requires third party cooperation, etc.).