

**HOME AND COMMUNITY BASED SERVICES – UNIT #3576**

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**Unannounced Petty Cash Audit**

**Audit Report No. HCBS0107**

**April 02, 2007**



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

**Internal Audit Report**

**AUDITOR'S REPORT**

**Home and Community Based Services  
Unit #3576**

**Unannounced Petty Cash Audit**

**Harris County, Texas**

**Internal Audit Report**

**April 02, 2007**

**Henry E. Webb, CFE**

**Internal Auditor**





MENTAL HEALTH MENTAL RETARDATION  
AUTHORITY OF HARRIS COUNTY

April 2, 2007

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

Re: Home and Community Based Services Unit  
Unannounced Petty Cash Audit - Unit #3576

Dear Dr. Schnee:

The Internal Audit Department has completed an unannounced petty cash audit of the \$200 Petty Cash Fund at Home and Community Based Services, Unit #3576 for the period of March 1, 2007 through March 29, 2007.

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,

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S  
Henry E. Webb, CFE, Internal Auditor

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Cheire Lee, Staff Internal Auditor

Cc: Rose Childs, MSW, CSWM, 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  
David Witt, MPA, CPA, Chief Financial Officer  
Sivam Mahasivam, CPA  
Audit Committee:  
Tom Hamilton, Ph.D. (Chairman)  
Bob Borochoff  
Jane B. Cherry  
Paige M. Cokinos  
Charles O. Buckner, CPA  
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### SCOPE AND PURPOSE

Internal Audit has completed an audit of the \$200 Petty Cash Fund Unit #3576, Home and Community Based Services, for the period of March 1, 2007 through March 29, 2007. 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 Petty Cash Fund – Unit #3576, Home and Community Based Services 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 – 16.31**

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Henry E. Webb, CFE  
Internal Auditor

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S  
Cheire Lee  
Staff Internal Auditor

**ATTACHMENT A**  
**SUMMARY OF RECOMMENDATIONS**  
**April 2, 2007**

Unit: Home and Community Based Services - Unit #3576		
Area: Unannounced Petty Cash		
Inherent Risk:	Control Environment:	Overall Risk:
<b>Low</b> Moderate High	<b>Well Controlled</b> Acceptable Poorly Controlled	<b>Low</b> Moderate High
Type of Procedures: <b>Audit</b>		
Scope: <ul style="list-style-type: none"> <li>* Using Internal Control Evaluation (ICEs) forms, documented the internal controls</li> <li>* Conducted a preliminary survey reviewing applicable policies and procedures, etc.</li> <li>* Interviewed various staff to obtain understanding of management controls</li> <li>* Examined detailed invoices/work orders, statements provided by the vendor, etc.</li> </ul>		
Priority Rating:	Audit Recommendations:	
Follow-up:		

**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, or require third party cooperation, etc.).