

**ORGANIZATIONAL DEVELOPMENT AND HUMAN RESOURCES**

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**PETTY CASH AUDIT UNIT #1108 – SPECIAL REQUEST**

**Audit Report No. ODHR0107**

**October 18, 2006**



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

**Internal Audit Report**

**AUDITOR'S REPORT**

**Organizational Development and Human Resources  
Unit #1108**

**Petty Cash Audit – Special Request**

**Harris County, Texas**

**Internal Audit Report**

**October 18, 2006**

**Henry E. Webb, CFE**

**Internal Auditor**





MENTAL HEALTH MENTAL RETARDATION  
AUTHORITY OF HARRIS COUNTY

October 18, 2006

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

Re: Human Resource Department  
Announced Petty Cash Audit - Unit #1108-Special Request

Dear Dr. Schnee:

The Internal Audit Department has completed an unannounced petty cash audit of the \$100 Petty Cash fund at Human Resource Department, Unit #1108 for the period June 8, 2006 through October 12, 2006.

The review was designed to assist management with the assessment of the adequacy of internal controls related to the issuance, use, and control of 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 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/

/s/

Henry E. Webb, CFE, Internal Auditor

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  
 Avrim Fishkind, 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  
 Eric S. Eaton, CPA  
 Audit Committee:  
 Tom Hamilton, Ph.D. (Chairman)  
 Jane B. Cherry  
 Paige M. Cokinos  
 Charles O. Buckner, CPA  
 Vicki S. Raynold, CPA  
 Bob Borochoff

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### SCOPE AND PURPOSE

Internal Audit has completed an audit of the \$100 Petty Cash Fund Unit #1108, Human Resource Department, for the period of June 8, 2006 through October 12, 2006. 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 Petty Cash Fund – Unit #1108, Human Resource Department 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**.

/s/

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Henry E. Webb, CFE  
Internal Auditor

/s/

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Cheire Lee  
Staff Internal Auditor

**ATTACHMENT A**  
**SUMMARY OF RECOMMENDATIONS**  
**October 18, 2006**

Unit: Human Resource Department - Unit #1108		
Area: Petty Cash - Special Request		
Inherent Risk: <b>Low</b> Moderate High	Control Environment: <b>Well Controlled</b> Acceptable Poorly Controlled	Overall Risk: <b>Low</b> 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 invoices/work orders and statements provided by the vendor, etc.		
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, or require third party cooperation, etc.).

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