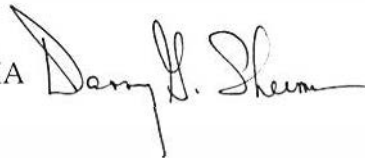


January 25, 2016

To: Giuseppe N. Colasurdo, M.D.
President

From: Daniel G. Sherman, MBA, CPA, CIA
Assistant Vice President



Report on Cash Counts Audit #16-112

We have completed our audit of non-clinical petty cash and change funds. This audit was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

BACKGROUND

The University of Texas System, Systemwide Policy (UTS) 166 *Cash Management and Cash Handling* was issued to institute controls and standardize cash management policy across The University of Texas System. To support this policy, UTHealth has issued Handbook of Operating Procedures (HOOP) 188, *Receipt of Cash*, and HOOP 71, *Petty Cash and Change Fund Custodial Responsibilities*. The UTHealth Bursar's Office has also issued guidelines on handling petty cash and change funds.

OBJECTIVES

The objectives of this audit were to determine the accuracy of petty cash and change fund amounts and to assess the adequacy of controls over those funds.

SCOPE AND METHODOLOGY

The scope of this audit was petty cash and change funds for all non-clinical areas. Auditing and Advisory Services (A&AS) obtained a listing of all petty cash and change fund accounts from Treasury Services. There were 54 non-clinical petty cash funds with a total of \$93,755 and 19 change funds with a total of \$34,762 in the population lists we received.

From this population, we selected a sample of 12 petty cash and seven change funds totaling \$52,087. The sample was selected based on accounts with high dollar amounts, accounts deemed high risk by Treasury Services, and accounts or areas not reviewed recently. Included in that amount is \$35,912 issued to parking services, \$6,600 of which is held in custody for Prairie View A&M parking and is not listed on UTHealth's petty cash or change fund accounts.

We visited each custodian, performed a count of their petty cash or change fund, reviewed supporting documentation for expenditures, and observed the controls over the funds.

AUDIT RESULTS

Parking Services Cash Review

We reviewed all funds issued to UT Parking Services. Officially, there are five change funds and two petty cash funds issued to UT Parking Services. These funds are split into smaller amounts to serve 15 automatic parking machines, nine spare change funds to replenish the parking machines, two petty cash funds for the parking offices in the University Center Tower and the UT Professional Building, and three change funds used by the Parking Services' cashiers.

Overall, the parking funds at the UT Professional Building have adequate controls in place. There was one parking machine which contained an amount higher than expected. This overage was due to the server being reset. We spoke with management and received reasonable assurance this was an isolated event that is not likely to reoccur.

Non-Clinical Cash Review

We reviewed the adequacy of controls and counted cash for ten petty cash and two change funds. Four of the petty cash funds we reviewed had adequate controls and balanced to the amount issued by Treasury Services. Three petty cash funds had minor issues that were corrected before the close of our fieldwork.

We determined control weaknesses existed with the remaining three petty cash and two change funds, which are all issued to the same custodian. As a result, A&AS issued a separate control memo directly to the department. Treasury Services worked with the department to strengthen controls by reassigning the custodian, reducing the amount of funds issued to the area, and retraining all employees in the department who handle cash on the proper cash controls and cash handling procedures.

CONCLUSION

Based on our review, controls over petty cash and change funds in non-clinical areas have been established and are being followed with some exceptions, which are being corrected.

We would like to thank Treasury Services, the individual department managers, and cash custodians throughout the institution who assisted us during our review.

DGS:cs

cc: Audit Committee
Mike Tramonte

Audit Manager: Nat Gruesen, Senior Audit Manager, MBA, CIA, CISA, CFE
Auditor Assigned: Cara Saldivar, Senior Auditor

Issue Date: February 3, 2016