
City of Laredo, Texas

Internal Audit Division



Cash Handling Policy Compliance Audit Report:
Health Department (with Executive Summary)

September 22, 2021

**City of Laredo
Internal Audit Division**

**Cash Handling Policy Compliance Audit Report: Health Department (with Executive
Summary)**

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EXECUTIVE SUMMARY

In accordance with the Fiscal Year (FY) 2021 Annual Audit Plan, a Cash Handling Policy Compliance Audit was conducted on the Health Department – Tuberculosis, Immunization and Vital Statistics Divisions.

The objective of this audit was to determine if all cash, checks, money orders and credit card payments received by the Health Department have been processed and deposited in accordance with the City of Laredo's (City) Cash Handling Policy. Additionally, source Cash Receipts Listing documentation was verified for reliability, reconciliation with general ledger entries and compliance with the City's Cash Handling Policy. Finally, an assessment of the monitoring and enforcement mechanisms was conducted in order to verify that proper internal controls are in place.

The following areas were noted as part of the audit results. While there were no findings noted, it should be noted that the following observations were made:

1. Deposit #04-26 from Vital Statistics Division dated April 21, 2021 is missing verification from Employee A on the cash count listing. Due to the Financial Services Department noting this as a violation on their Cash Receipts Violation Report, Internal Audit listed this as an observation.
2. The Tuberculosis and Immunization Divisions use Insight to collect payments, however when a payment is voided the Daily Cash Drawer Report does not reflect the voided transaction. At closing, the voided transaction amount(s) are manually subtracted from deposit total to correctly balance.

Based off of the results noted, the following recommendations were made:

- That the Cash Handling Policy be followed, specifically, page 6, Employee A: Employee A is the Designated Supervisor or Designated Employee that conducts a review of the bank deposit and the Cash Receipt Listing.
- That the voided transactions reflect in the Insight System, and the Insight System properly balance at end of day.

No Department Responses were required for this audit.

A more extensive report of all the audit results and recommendations can be found in the following report.

INTRODUCTION

In accordance with the Fiscal year (FY) 2021 Annual Audit Plan, a cash handling policy compliance audit was conducted of the Health Department. The divisions included in this report are the Tuberculosis, Immunization, and Vital Statistics divisions, which were selected based on the 2020 – 2021 cash receipt violations report received from the Financial Services Department.

AUDIT OBJECTIVES

The objective of this audit was to determine if all cash, checks, money orders and credit card payments received by the Health Department have been processed and deposited in accordance with the City of Laredo's (City) Cash Handling Policy. Additionally, source Cash Receipts Listing documentation was verified for reliability, reconciliation with general ledger entries and compliance with the City's Cash Handling Policy. Finally, an assessment of the monitoring and enforcement mechanisms was conducted in order to verify that proper internal controls are in place.

AUDIT SCOPE AND METHODOLGY

The sample time period selected for this review consisted of the Daily Cash Receipts Listing Reports maintained by the Health Department and submitted to the Financial Services Department for the two-week time period of April 12, 2021 through April 16, 2021 and April 19, 2021 through April 23, 2021. In order to achieve the audit objectives, we:

- Conducted interviews of the Health and Financial Services Departmental staff;
- Obtained an understanding of the City's most current Cash Handling Policy (with any applicable amendments);
- Obtained an understanding of any applicable internal department Overage/Shortage Policies to be followed in addition to the City's Cash Handling Policy;
- Conducted a review of the following audit support documents for Cash Handling Policy compliance test work and assessment of monitoring internal controls:
 - Sample of Cash Receipts Listing Reports consisting of receipts issued and voided (if applicable), copies of checks and money orders received (or DIY Remote Access Check Scanning Reports), credit card transactions received, Approved Cash Count Sheet, respective deposit slips and identification strip from corresponding deposit bag for the selected time period for both the Health and Financial Services Departments;
 - Cash Posting and General Ledger (G/L) Batch generation reports for the selected time period from both the Health and Financial Services Departments;
 - Electronic Settlement (Bank) Statement Reports for April 2021 from BBVA Compass Bank;
 - Financial Services Department issued Cash Receipts Policy Violations Report for April 2021; and,
 - ExecuTime system generated audit reports (i.e. Employee Time Card Reports, Supervisor Audit Repots and Transaction Audit Reports) to verify the Health Department's collections staff attendance for the selected time period.

We conducted this audit from May 2021 – August 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit results and conclusions based on our audit objectives.

AUDIT RESULTS & RECOMMENDATIONS

HEALTH DEPARTMENT:

Internal Audit found no findings. The Health Department is following the City of Laredo's (City) Cash Handling Policy accordingly. Additionally, proper documentation is being sent to the Financial Services Department for reconciliation. Proper internal controls are in place.

Observation #1

Internal Audit observed deposit # 04-26 from the Vital Statistics Division, dated April 21, 2021 is missing verification from Employee A on the cash count listing. Upon reviewing documentation submitted, the Financial Services Department noted this as a violation on Cash Receipts Violations for the month of April.

Recommendation(s)

Internal Audit recommends the Cash Handling Policy be followed, specifically page 6, Employee A: Employee A is the Designated Supervisor or designated employee that conducts a review of the bank deposit and the cash Receipt Listing.

Observation #2

The Tuberculosis and Immunization Division use Insight to collect payments, however when a payment is voided the Daily Cash Drawer Report does not reflect the voided transaction. At closing, the voided transaction amount(s) are manually subtracted from deposit total to correctly balance.

Recommendation(s)

Internal Audit recommends the voided transactions reflect in the Insight System, and the Insight System properly balance at end of day, instead of subtracting voided transactions manually to correctly balance the totals at end of day.

FINANCIAL SERVICES DEPARTMENT

Internal Audit found no findings. The Financial Services Department continues to monitor all City departments submitting Cash Receipts Listing Reports through random spot checks for compliance with the City's Cash Handling Policy on a monthly basis. Proper monitoring mechanisms are in place through the monthly Cash Receipts Violations Reports sent out by the Financial Services Department to the corresponding departments, the City Manager's Office and the Internal Audit Division.

Appendix A – Internal Audit Staff Acknowledgment

APPENDIX A
INTERNAL AUDIT STAFF ACKNOWLEDGMENT

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