Audit Department

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Angela M. Darragh, CPA, CFE, CISA, Director

April 8, 2015

Mr. Mason VanHouweling
University Medical Center of Southern Nevada
1800 West Charleston Blvd.
Las Vegas, Nevada 89102

Dear Mr. VanHouweling:

We recently completed a follow-up audit of the Cash Controls audit dated January 30, 2014. The procedures we performed were focused on determining whether appropriate corrective action was taken on findings included in the original audit report. The last day of fieldwork was January 29, 2015.

In order to complete our objective, we performed the following:

- We obtained copies of the current cash handling policies and procedures to ensure they were approved. Additionally, we judgmentally selected 10 total employees to ensure that training had been administered on the newly approved cash handling policies and procedures.
- We judgmentally selected five imprest funds and performed unannounced cash counts and observations of the drops.
- We inquired to ensure that previously noted un-reconciled credit card transactions that occurred on January 25, 2013, have been investigated.
- We performed the cashier revenue deposit reconciliation with the bank statement to the general ledger for the judgmentally selected test date of September 24, 2014.
- We reviewed the previously noted inappropriate cash menu access and tested to ensure that access had been deactivated.
- We tested to ensure that all cashier vault badge access was appropriate, as of October 29, 2014, and that access to the cashier vault was monitored for a three month period.

Of the six findings from the original report, four were corrected and additional finding was partially corrected. While UMC has made enhancements to the overall cash handling internal controls, there remains room for improvement. We found continued internal control weaknesses such as the sharing of drawers, inappropriate imprest fund access, and failure to maintain a second verifier of dropped funds. Additionally, we found that previous credit card reconciliation variances were not investigated.

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We conducted the performance audit in accordance with generally accepted government auditing standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Sincerely,

Angela M. Darragh

Angela M. Darragh, CPA
Audit Director

AUDIT DEPARTMENT

Audit Report

University Medical Center of Southern Nevada
Cash Controls Follow Up

April 2015

Angela M. Darragh, CPA, CISA, CFE
Audit Director

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BACKGROUND

UMC collects approximately $10 million per year in patient cash from the departments included in our review. As of November 2014 there were 56 cash drawers at various UMC locations. These locations maintain a total of $11,800 in change funds.

The results of the original audit identified several areas that needed corrective action:

- Cash handling policies and procedures were outdated.
- Cash control weaknesses were identified.
- Credit card payments processed but were not received by the bank.
- Cash menu access to the system was inappropriate.
- There was no review of badge access to the Cashier Vault.
- Camera coverage was inadequate.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit is to determine whether corrective action was taken on the significant findings included in *the University Medical Center Cash Controls* audit report dated January 30, 2014. Our procedures consisted of reviewing the original audit report and supporting documents, interviews with management and staff, examination of documentation, and performance of detailed tests and analyses.

In order to complete our objective, we performed the following:

- We obtained copies of the current cash handling policies and procedures to ensure they were approved.
- We judgmentally selected 10 total employees from Patient Access Services and Ambulatory Admitting and tested to ensure that training had been administered on the newly approved cash handling policies and procedures.
- We judgmentally selected five imprest funds and performed unannounced cash counts and observations of the drops.
- We inquired to ensure that previously noted un-reconciled credit card transactions that occurred on January 25, 2013, have been investigated.
- We performed the cashier revenue deposit reconciliation with the bank statement to the general ledger for the judgmentally selected test date of September 24, 2014.

- We reviewed the previously noted inappropriate cash menu access and tested to ensure that access had been deactivated.
- We tested to ensure that all Cashier Vault badge access was appropriate, as of October 29, 2014, and that access to the Cashier Vault was monitored for a three month period.

We conducted this performance audit 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF

While UMC has made enhancements to the overall cash handling internal controls, there remains room for improvement. We found continued internal control weaknesses such as the sharing of drawers, inappropriate imprest fund access, and failure to maintain a second verifier of dropped funds.

Each finding includes a ranking of risk based on the risk assessment that takes into consideration the circumstances of the current condition including compensating controls and the potential impact on reputation and customer confidence, safety and health, finances, productivity, and the possibility of fines or legal penalties.

DETAILED RESULTS

Previous Credit Card Reconciliation Variances Not Investigated (HIGH)

The previous audit identified three credit card charges that were not confirmed as received by the bank for the test date of January 25, 2013. During our testing we found that all 3 previously un-reconciled transactions on January 25, 2013, were not investigated with the bank.

Recommendation

1. Ensure that un-reconciled credit card transactions are investigated with the bank.

Cash Control Weaknesses (LOW)

The previous audit identified several internal control weaknesses during a review of 13 UMC locations. We identified a few remaining internal control weaknesses during our review of procedures at 5 locations:

- At one location, Trauma Resuscitation, the cash drawer was shared among employees.
- At two locations, access to cash drawers was inappropriate. At the Main Cashier, the keys maintained by each Patient Account Representative could access both drawers. At the Nellis Primary Care location, maintenance personnel had access to the key that could open the safe where the imprest funds were stored.
- At one location, the Main Cashier, a second verifier of the dropped revenue was not used.

Recommendation

1. Ensure that cash drawers are not shared amongst employees.

2. Review the cash drawer key assignments to ensure proper segregation of duties.

3. Ensure that a second verification of funds is performed during the revenue drop.

MANAGEMENT RESPONSE LETTER

INTEROFFICE MEMORANDUM

TO:	ANGELA DARRAGH, DIRECTOR, CLARK COUNTY, AUDIT DEPARTMENT
FROM:	HILLARY MCELROY, CONTROLLER
SUBJECT:	CASH CONTROLS FOLLOW UP AUDIT
DATE:	MARCH 31, 2015

We respectfully offer the following in response to the Clark County Audit Department's Cash Controls Follow Up Audit.

Initial finding: Previous Credit Card Reconciliation Variances Not Investigated (HIGH)

Response: In 2013 the procedure that is in place now to reconcile credit card transactions had not been implemented at that time. The current system makes it impossible to reconcile on a "per location" basis. A procedure was developed in 2014, so that the reconciliation would be done on a daily basis using the totals.

Initial finding: Cash Control Weaknesses (LOW)

Response:

- At some locations throughout the hospital only one cash drawer is necessitated for all shifts due to the small volume & amount of transactions. These locations do have procedures they follow for a shift change where a cash count is done; report is submitted and signed off and then used for the next shift.

- The keys have been resolved by using a lock box as a key access at the Rancho location. The keys that are in the lockbox are keys to the bank bags & cash drawers, on one key ring for each set. (i.e. Drawer One & Bag One are on key ring#1) They keys to the lock box are held by the Charge Nurses. The other key that is locked in the lock box is the key to the top safe which is needed when Loomis comes to pick up the deposits, which Loomis has the other key.

- The new procedures for Over the Counter Patient Payments was not reviewed or tested during the follow up audit. In the new procedure it outlines the revised process for balancing out and closing functions for end of day. The revised process requires that two individuals are present during the end of day close out, the Patient Account Representative who performs the end of day close out and the Patient Account Specialists who observes. Those individuals are required to sign off on the end of day close sheet but it was found that specifically at the Main Cashier they were not signing. This is currently being looked at and will have a corrective action in place very soon so the Main Cashiers are signing the end of day close sheet.