DEPARTMENT CONTROL REVIEW
HEALTH CARE AGENCY
CASH RECEIPTS

For the Period from
June 1, 2003 through May 31, 2004

REPORT DATE: November 17, 2004

Audit Number 2435

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Deputy Director:	**Eli Littner, CPA, CIA**
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INTERNAL AUDIT DEPARTMENT

COUNTY OF ORANGE

DEPARTMENT CONTROL REVIEW
HEALTH CARE AGENCY
CASH RECEIPTS

For the Period from June 1, 2004 through May 31, 2004

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COUNTY OF ORANGE
INTERNAL AUDIT DEPARTMENT

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Transmittal Letter

Audit No. 2435

November 17, 2004

TO: Juliette A. Poulson, Director
Health Care Agency

FROM: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

SUBJECT: Department Control Review of Health Care Agency
Cash Receipts

We have completed a limited review of internal controls over cash receipts at three Health Care Agency (HCA) locations: Birth and Death Registration Unit, Budget Technical Unit, and the Westminster Alcohol and Drug Abuse Services clinic. The review period was from June 1, 2003 through May 31, 2004. The final report is attached along with your responses to our recommendations. We have also attached a Customer Survey of Audit Services. Please complete the survey and return it to Renee Aragon, Executive Secretary, Internal Audit Department. We appreciate the courtesy and cooperation of your staff during our review.

Attachment

Other recipients of this report:
Members, Board of Supervisors
Members, Audit Oversight Committee
Foreman, Grand Jury
Thomas G. Mauk, County Executive Officer
William D. Mahoney, Deputy CEO/Government and Public Services
Darlene J. Bloom, Clerk of the Board of Supervisors
David Riley, Assistant Director, HCA
Alice Manning, Deputy Agency Director, HCA/Financial & Administrative Services
Alice Sworder, Manager, HCA/Accounting Services

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INTERNAL AUDIT DEPARTMENT

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INTERNAL AUDITOR'S REPORT

Audit No. 2435

November 17, 2004

Juliette A. Poulson
Health Care Agency
405 W. 5th Street
Santa Ana, CA 92701

We have completed a review of internal controls over cash receipts at three Health Care Agency (HCA) locations: Birth and Death Registration Unit, Budget Technical Unit, and the Westminster Alcohol and Drug Abuse Services clinic. The review period was from June 1, 2003 through May 31, 2004. Our review was made in accordance with professional standards established by the Institute of Internal Auditors for the purpose of evaluating the adequacy of internal controls in the area noted above. We believe our review provides a reasonable basis for our opinion.

Management of HCA is responsible for establishing and maintaining a system of internal controls. The objectives of an internal control system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly. County Accounting Procedure (CAP) No. S-2 – *Internal Control Systems* prescribes the policies and standards the departments/agencies should follow in establishing and maintaining internal control systems. Our review enhances and complements, but does not substitute for, HCA's continuing emphasis on control activities and self-assessment of control risks.

Because of inherent limitations in any system of internal controls, errors or irregularities may nevertheless occur and not be detected. 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 the procedures may deteriorate. Accordingly, our review made for the limited purpose described above would not necessarily disclose all weaknesses in HCA's operating procedures, accounting practices, and compliance with County policy.

Based upon our review, it is our opinion that internal controls at the Birth and Death Registration Unit, Budget Technical Unit, and the Westminster Alcohol and Drug Abuse Services clinic are generally effective to ensure cash receipts are properly collected, deposited, recorded and safeguarded. We did observe opportunities where internal controls should be strengthened as detailed in the Observations, Recommendations and Management Responses section of this report. Responses from HCA have been included for each recommendation, and the complete text of responses has been appended to the report.

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We appreciate the courtesy and cooperation extended to us by the personnel of HCA and HCA Accounting during our review. It should be noted that as audit observations came to our attention during the review, HCA was very responsive to addressing the issues and taking corrective action.

If we can be of further assistance, please contact me directly or Eli Littner, Deputy Director at (714) 834-5899 or Michael Goodwin, Audit Manager at (714) 834-6066.

Respectfully submitted,

Peter Hughes, Ph.D., CPA
Director

Distribution: Pursuant to Audit Oversight Committee Procedure No. 1
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David Riley, Assistant Director, HCA
Alice Manning, Deputy Agency Director, HCA/Financial & Administrative Services
Alice Sworder, Manager, HCA/Accounting Services

OVERVIEW

OBJECTIVES

The Internal Audit Department conducted a review of three HCA locations: Birth and Death Registration Unit, Budget Technical Unit and the Westminster Alcohol and Drug Abuse Services clinic to evaluate the effectiveness of internal controls in the area of cash receipts to ensure:

- Cash receipts are properly collected, recorded, and deposited.
- Cash receipts are adequately safeguarded to minimize occurrence of loss or theft.
- Cash receipts are processed in compliance with County Accounting Procedures C.4 - *Deposits* and C.5 – *Handwritten Cash Receipts*, and HCA's policies and procedures.

BACKGROUND

The mission of the Health Care Agency is to protect the optimal health of individuals, families, and diverse communities through partnerships, community leadership, assessment of community needs, planning and policy development, and public services for prevention and education. Examples of these services include food protection, hazardous waste regulation, water quality monitoring, mental health services, alcohol and drug abuse services, coordinating emergency medical care, and contracting essential medical services.

The Birth and Death Registration Unit provides official copies of birth certificates, death certificates, fetal death certificates, and issues burial permits. The Unit receives payments through the mail, over-the-counter, and in the funeral directors' drop box. In FY 2003/04, the Birth and Death Registration Unit deposited $2,834,573 in cash receipts.

The Budget Technical Unit deposits cash receipts received from program support analysts for Behavioral and Public Health programs and from the Custodian of Records. The cash receipts are primarily from State checks for funding behavioral and public health programs, records request fees and monies collected by the Custodian of Records and for employee telephone reimbursements. Approximately $14.2 million in cash receipts were processed during our review period.

Westminster Alcohol and Drug Abuse Services collects cash receipts for counseling, psychiatric services, medication, lab work, and the Drug Court Program. Most of the patients are on Medi-Cal and make small cash co-payments. Cash receipts deposited for FY 2003/04 totaled $6,328.

SCOPE

Our review was limited to internal controls over cash receipts for the period June 1, 2003 to May 31, 2004. In our selection of the locations to review, we did not include the locations recently reviewed by HCA/Accounting Services, which included some locations with the largest volume of cash receipts. Our review included inquiry, auditor observation and limited testing of relevant documentation for the purpose of assessing the adequacy of internal controls over cash receipts.

CONCLUSION

It is our opinion that the internal controls are generally effective to ensure cash receipts are properly collected, recorded, deposited, and safeguarded. Our substantive testing did not disclose any instances of monetary loss or misappropriation; however, internal controls should be strengthened in the areas of accountability over cash receipts, segregation of duties, handwritten receipts, supervisory reviews, timely deposits, and monitoring cash receipts. While in our report we indicate the location(s) where our observations were noted, HCA should ensure all locations with cash receipts implement the recommendations as applicable.

OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

I. Accountability Over Cash Receipts

Accountability over cash receipts should be established when monies are initially collected up to when the monies are deposited. This internal control practice helps ensure all cash receipts are completely and properly deposited. Areas where accountability should be established or improved are noted below:

A. Transfer of Accountability

County Accounting Procedure (CAP) C.4 – *Deposits,* Section 2.2 states "...when monies are subsequently transferred between employees during the collection and deposit process, the employees should document the transfer of accountability in writing." At the Birth and Death Registration Unit, we noted there is no documentation showing when cash receipts are transferred between the Office Assistant and the Information Processing Technician and between the Office Assistant and the Senior Office Supervisor.

Recommendation No. I.A.

Birth & Death Registration Unit ensure accountability is established by documenting the transfer of cash receipts between employees.

HCA Response:

We concur. Effective June 6, 2004, transfer of cash receipts between employees is now documented on daily Check Transfer Logs that accompany the receipts throughout the cash handling process. The completed logs are filed with the corresponding Deposit Orders and are maintained in a binder in the Office Supervisor B's office.

B. Check Endorsement

CAP C-4, Section 2.4, states "all negotiable instruments, such as checks, warrants, and money orders, should be endorsed with a restrictive endorsement stamp immediately upon receipt." This control helps to safeguard checks and prevent misuse. At the Budget Technical Unit, we noted that the Accounting Assistant II does not endorse the checks immediately upon receipt. Checks are endorsed when they are entered into the computer, which may be the following day.

Recommendation No. I.B.

Budget Technical Unit ensure checks are restrictively endorsed immediately upon receipt.

HCA Response:

We concur. Effective October 1, 2004, checks are endorsed immediately upon receipt.

C. Birth/Death Certificates and Burial Permits

The cash receipting process does not include reconciling the number of birth and death certificates or burial permits that were printed to the total cash deposited. Business forms that have monetary value should be periodically agreed to deposits to detect any misuse of the forms. This is also significant due to the cashier's environment – the cashier is alone, receives cash, prints the certificates, and completes the transactions. Someone independent of cash receipting duties should periodically perform this reconciliation.

Recommendation No. I.C.
Birth and Death Registration Unit periodically perform a reconciliation of printed certificates and permits to the amounts collected to ensure all cash receipts are deposited.

HCA Response:
We concur. Effective June 8, 2004, periodic review and reconciliation of all receipt books and cash receipts is now being made by a staff person not involved in the daily cash handling process.

D. Record of Cash Receipts

At Alcohol and Drug Abuse Services, the collection records consist of copies of handwritten receipts and a Record of Cash Receipts form that is filled out when the Deposit Order is prepared. Due to a low volume of cash receipts, deposits are not made daily or weekly, as noted below in report item V. Upon completion of a handwritten receipt book, it is sent to HCA Accounting. If the receipt book is sent to HCA Accounting before the deposit is made, a complete record of cash receipts is not available.

We suggest that the Record of Cash Receipts be completed as monies are received. This document should be maintained as the initial collection record and be used during preparation of the Deposit Order to ensure all receipts were deposited.

Recommendation No. I.D.
Alcohol & Drug Abuse Services ensure the Record of Cash Receipts is prepared as monies are received.

HCA Response:
We concur. Effective October 27, 2004, a procedure was implemented where staff are now completing the Record of Cash Receipts at the time that monies are received from clients.

II. Segregation of Duties

Segregation of duties reduces the risk of erroneous and inappropriate actions. The duties of receipting, recording, disbursing, approving, reconciling, and asset custody should be separated among employees to the extent possible. When these functions cannot be adequately separated, prudent supervisory review of these activities is encouraged to help mitigate risk and to help compensate for the lack of segregation of duties.

At Alcohol and Drug Abuse Services, the Office Specialist and Office Technician receive and record cash receipts and have access to the safe where cash receipts are kept for up to three months. The Office Specialist is also responsible for reviewing Deposit Orders and bank deposit slips. The Service Chief informed us of two vacant positions that have existed for over a year and have contributed to the inability to adequately segregate these duties.

Recommendation II
Alcohol and Drug Abuse Services ensure cash receipting duties are segregated to the extent possible. If segregation is not possible, detailed supervisory reviews should be performed on the incompatible duties.

HCA Response:
We concur. Effective October 27, 2004, cash receipting duties at the clinic were segregated. In the event of a shortage of office support staff to adequately segregate such duties due to vacancy, vacation, etc., the clinic Service Chief will conduct a detailed supervisory review of all cash receipts, records of cash receipts, deposit orders and bank deposit slips, on a weekly basis.

III. Handwritten Receipts

CAP C.5 – *Handwritten Receipts* provides the policies and procedures governing the use of handwritten receipt forms. We noted the following areas where controls over handwritten receipts should be enhanced:

A. Birth and Death Registration Unit

The Birth and Death Registration Unit uses two types of handwritten receipts: receipt forms attached in a handwritten receipt book (hereinafter referred to as "handwritten receipts" or "handwritten receipt books") and a two-part handwritten receipt form titled "Certificate Fee Receipts." Two areas where additional oversight is needed for handwritten receipts and Certificate Fee Receipts are performing physical inventories and maintaining a log of handwritten receipt books and Certificate Fee Receipts.

- The Senior Office Supervisor kept a "Receipt Book Log" for handwritten receipt books that were issued to staff; however, when the completed books were returned to the Senior Office Supervisor, the return dates were not consistently documented on the log.

- Physical inventories of used/unused handwritten receipt books were not performed.

- For the Certificate Fee Receipts, there was no log maintained, no physical inventories were performed, and receipts were used out of sequential order.

During our review, we conducted an inventory of handwritten receipts. We found one handwritten receipt book (Receipt Nos. 4185001 - 4185050) issued to one employee and used by several other employees. The last nine receipts in the book (4185042 - 4185050) were torn out and could not be accounted for or located. The last receipt used was dated 12/15/03 and the book was still in the employee's possession.

The Unit should maintain logs of all receipt forms to use as inventory records and to establish accountability for the handwritten receipt books and Certificate Fee Receipts in the Unit's possession. A person independent of other cash receipting duties should conduct periodic inventories of the receipt forms and report any discrepancies.

Recommendation III.A.
Birth & Death Registration Unit ensure a log is maintained for both the handwritten receipt books and the Certificate Fee Receipts and periodic physical inventories be performed by an independent person on both the handwritten receipt books and Certificate Fee Receipts.

HCA Response:
We concur. Effective September 24, 2004, the Senior Office Supervisor A/B developed new logs for Staff Cash Receipts (Certificate Fee Receipts) and Staff Cash Receipt Books. The log sheets will be used when the supervisor of the Senior Office Supervisor A/B performs quarterly periodic physical inventories of Cash Receipts and Cash Receipt Books. The quarterly inventories of Cash Receipts and Cash Receipt Books will be documented by initialing and dating the respective logs.

B. Budget Technical Unit

When handwritten receipt books are completely used, the Unit sends them back to HCA Accounting, where the return of the used books is documented. We noted that neither the Budget Technical Unit nor HCA Accounting reviews the contents of the used receipt books for completeness. A review of the receipt books would help detect any missing or altered receipts.

Recommendation No. III.B.
Budget Technical Unit ensure that all completed handwritten receipt books are inspected by an independent person for completeness.

HCA Response:
We concur. Effective October 1, 2004, completed receipt books are now being reviewed by the supervisor of the Accounting Assistant for any missing or altered receipts before being forwarded to HCA/Accounting Services.

C. Alcohol and Drug Abuse Services

New, used, and current handwritten receipt books are kept in a safe and are accessible to the two Office Technicians and the Office Specialist who perform cash receipting functions. No periodic inventory of the handwritten receipt books is performed.

Recommendation No. III.C.
Alcohol and Drug Abuse Services limit access to new and completed handwritten receipt books to designated individuals. Additionally, an independent person should be assigned to perform periodic inventories of the handwritten receipt books.

HCA Response:
We concur. Effective November 1, 2004, access to new and completed handwritten receipt books is now limited to designated staff. Further, the Service Chief will perform periodic inventories of the handwritten receipt books.

IV. Supervisory Reviews

Supervisory review helps to ensure propriety, consistency, and reasonableness of work performed. The review should be documented as well as the resolution of items noted for follow-up. Supervisory reviews should be enhanced in the following areas:

- Birth and Death Registration Unit
  The Senior Office Supervisor reviews and approves the Record of Cash Shortage, Deposit Orders, and bank deposit slips; however, the reviews were not documented. We also noted that the Senior Office Supervisor prepares the Birth & Death Daily

Receipt Summary, and an Office Assistant reviews the supervisor's work. Collection records and deposits should undergo a supervisory review.

- Budget Technical Unit
  No verification is performed to ensure total cash receipts delivered to the Budget Technical Unit by the Custodian of Records was the amount deposited. This can be accomplished by reviewing cash receipt collection records to the deposits posted in the County records (e.g., General Ledger, Revenue – Budget to Actual Report).

- Alcohol and Drug Abuse Services
  A supervisory review is not performed to agree collection records, such as the Record of Cash Receipts, to Deposit Orders and bank deposit slips. Instead, the Office Specialist compares the Record of Cash Receipts to the deposits that the Office Technician prepared. This supervisory review process should be enhanced because our testing of cash receipts and deposits noted two instances where missing receipts were not identified during the review.

Recommendation No. IV
HCA ensure documented supervisory reviews are performed when comparing cash receipt collection records to amounts deposited.

HCA Response:
We Concur. For Birth and Death Registration - Effective June 30, 2004, all Deposit Orders are verified and signed by an Office Supervisor at a higher level than the staff person who prepared the report. The reviewing supervisor signs the Deposit Order to document the review.

For Budget Technical Unit – Effective October 1, 2004, procedures now include having the supervisor verify the Auditor-Controller's Deposit Order against our original receipts log, and initial the Deposit Order, to document that total cash receipts agree with amounts deposited.

For Alcohol and Drug Abuse Services – Effective November 1, 2004, a procedure is being implemented in which the Alcohol and Drug Abuse Clinic Service Chief reviews the cash receipt collection records and compares them to the amounts deposited prior to monies being deposited. The Service Chief signs the Deposit Order to document the review.

V. Timeliness of Deposits

At Alcohol and Drug Abuse Services, the Receipting and Banking Procedures state, "Deposits are to be made on an on-going basis, but not less than one time per week. When receipts reach $100.00, a deposit must be made." During our review, we noted a deposit made on March 18, 2004 included cash receipts from January 9 through March 16, 2004 totaling $914. Another deposit made on June 15, 2004 included cash receipts from March 19 through May 27, 2004 totaling $1,951.50. In both instances, the $100 limit had been reached within a two-week period. The delay in deposits may be due to the vacant positions the Unit had for over a year; however, keeping cash receipts for long periods increases the risk of loss or misuse.

Recommendation No. V.
Alcohol and Drug Abuse Services adhere to their existing procedure for making timely deposits. If the procedure is not reflective of the clinic's current practice and expectations, the procedure should be revised accordingly.

HCA Response:
We concur. Effective October 27, 2004, Alcohol and Drug Abuse Services is adhering to existing procedures for making timely deposits of monies collected. Deposits are being made at least once per week and/or when receipts reach $100.00.

VI. Monitoring of Health Care Agency Cash Receipts

HCA has numerous clinics and locations where cash receipts (both over-the-counter and mail receipts) are collected, processed, and deposited. Although we were able to obtain totals of cash receipts processed during our review period and a list of clinics and locations, HCA/Financial and Administrative Services were not able to provide any estimated or actual cash receipts collected at each clinic or location. This information may be useful to HCA in identifying potential risk areas (due to higher amounts of cash collections), determining where additional resources may be needed, and for purposes of monitoring variations in cash collections by location. Significant variations in cash receipt collections should be investigated and could be indicative of other issues occurring at the locations.

Recommendation No. VI
HCA should evaluate the business need to identify cash receipt amounts processed at each location. If this is determined necessary, a system to identify and track cash receipts by location should be established and monitored.

HCA Response:
HCA staff will work with Auditor-Controller and Treasurer staff to determine options for compiling cash receipt information by location. If it is found to be a cost effective process, a system will be established by July 1, 2005.

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COUNTY OF ORANGE
HEALTH CARE AGENCY

OFFICE OF THE DIRECTOR

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November 1, 2004

TO: Peter Hughes, Director
Internal Audit Department

SUBJECT: **Response to Draft Report on Department Control Review of Health Care Agency Cash Receipts**
Audit Number 2435

We have reviewed the draft audit report prepared by the Internal Audit Department covering HCA internal controls over cash receipts. We are pleased with the opinion that internal controls at the three sites reviewed are generally effective to ensure cash receipts are properly collected, deposited, recorded and safeguarded. However, we also recognize that there are opportunities to strengthen internal controls as stated in the draft report.

The Health Care Agency concurs with the recommendations made in the audit, as stated in the attached response, and each of the recommendations has been or will be implemented. In addition, as suggested, HCA will share the report with all locations with cash receipts and direct them to ensure that the recommendations are implemented where necessary.

In accordance with County procedure, we have submitted the response to the County Executive Officer for concurrence prior to submittal to Internal Audit.

Please call me at 834-6254, or Alice Manning at 834-5101, if you have any questions concerning this report.

DL Riley for
Juliette A. Poulson, RN, MN
Director

Concurrence: 11/8/04
Thomas G. Mauk
County Executive Officer

JAP:am

Attachments

cc: Thomas G. Mauk, CEO
William D. Mahoney, Deputy CEO
Alice Manning, HCA/Financial & Administrative Services
Alice Sworder, HCA Accounting

DRAFT REPORT
DEPARTMENT CONTROL REVIEW
HEALTH CARE AGENCY
CASH RECEIPTS
MANAGEMENT RESPONSE

Presented below are the Health Care Agency responses to the Recommendations from the Draft Report dated September 9, 2004 regarding the Department Control Review of Health Care Agency Cash Receipts.

RECOMMENDATIONS

Recommendation No. I.A.
Birth and Death Registration Unit ensure accountability is established by documenting the transfer of cash receipts between employees.

HCA Response:
We concur. Effective June 6, 2004, transfer of cash receipts between employees is now documented on daily Check Transfer Logs that accompany the receipts throughout the cash handling process. The completed logs are filed with the corresponding Deposit Orders and are maintained in a binder in the Office Supervisor B's office.

Recommendation No. I.B.
Budget Technical Unit ensure checks are restrictively endorsed immediately upon receipt.

HCA Response:
We concur. Effective October 1, 2004, checks are endorsed immediately upon receipt.

Recommendation No. I.C.
Birth and Death Registration Unit periodically perform a reconciliation of printed certificates and permits to the amounts collected to ensure receipts are deposited.

HCA Response:
We concur. Effective June 8, 2004, periodic review and reconciliation of all receipt books and cash receipts is now being made by a staff person not involved in the daily cash handling process.

Recommendation No. I.D.
Alcohol and Drug Abuse Services ensure the Record of Cash Receipts is prepared as monies are received.

HCA Response:
We concur. Effective October 27, 2004, a procedure was implemented where staff are now completing the Record of Cash Receipts at the time that monies are received from clients.

Recommendation II
Alcohol and Drug Abuse Services ensure cash receipting duties are segregated to the extent possible. If segregation is not possible, detailed supervisory reviews should be performed on the incompatible duties.

Department Control Review, Health Care Agency
Cash Receipts
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HCA Response:
We concur. Effective October 27, 2004, cash receipting duties at the clinic were segregated. In the event of a shortage of office support staff to adequately segregate such duties due to vacancy, vacation, etc., the clinic Service Chief will conduct a detailed supervisory review of all cash receipts, records of cash receipts, deposit orders and bank deposit slips, on a weekly basis.

Recommendation III.A.
Birth and Death Registration Unit ensure a log is maintained for both the handwritten receipt books and the Certificate Fee Receipts and periodic physical inventories be performed by an independent person on both the handwritten receipt books and Certificate Fee Receipts.

HCA Response:
We concur. Effective September 24, 2004, the Senior Office Supervisor A/B developed new logs for Staff Cash Receipts (Certificate Fee Receipts) and Staff Cash Receipt Books. The log sheets will be used when the supervisor of the Senior Office Supervisor A/B performs quarterly periodic physical inventories of Cash Receipts and Cash Receipt Books. The quarterly inventories of Cash Receipts and Cash Receipt Books will be documented by initialing and dating the respective logs.

Recommendation III.B.
Budget Technical Unit ensure that all completed handwritten receipt books are inspected by an independent person for completeness.

HCA Response:
We concur. Effective October 1, 2004, completed receipt books are now being reviewed by the supervisor of the Accounting Assistant for any missing or altered receipts before being forwarded to HCA/Accounting Services.

Recommendation III.C.
Alcohol and Drug Abuse Services limit access to new and completed handwritten receipt books to designated individuals. Additionally, an independent person should be assigned to perform periodic inventories of the handwritten receipt books.

HCA Response:
We concur. Effective November 1, 2004, access to new and completed handwritten receipt books is now limited to designated staff. Further, the Service Chief will perform periodic inventories of the handwritten receipt books.

Recommendation IV.
HCA ensure documented supervisory reviews are performed when comparing cash receipt collection records to amounts deposited.

HCA Response:
We Concur.

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Department Control Review, Health Care Agency
Cash Receipts
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For Birth and Death Registration - Effective June 30, 2004, all Deposit Orders are verified and signed by an Office Supervisor at a higher level than the staff person who prepared the report. The reviewing supervisor signs the Deposit Order to document the review.

For Budget Technical Unit – Effective October 1, 2004, procedures now include having the supervisor verify the Auditor-Controller's Deposit Order against our original receipts log, and initial the Deposit Order, to document that total cash receipts agree with amounts deposited.

For Alcohol and Drug Abuse Services – Effective November 1, 2004, a procedure is being implemented in which the Alcohol and Drug Abuse Clinic Service Chief reviews the cash receipt collection records and compares them to the amounts deposited prior to monies being deposited. The Service Chief signs the Deposit Order to document the review.

Recommendation V.
Alcohol and Drug Abuse Services adhere to their existing procedure for making timely deposits. If the procedure is not reflective of the clinic's current practice and expectations, the procedure should be revised accordingly.

HCA Response:
We concur. Effective October 27, 2004, Alcohol and Drug Abuse Services is adhering to existing procedures for making timely deposits of monies collected. Deposits are being made at least once per week and/or when receipts reach $100.00.

Recommendation VI.
HCA should evaluate the business need to identify cash receipt amount processed at each location. If this is determined necessary, a system to identify and track cash receipts by location should be established and monitored.

HCA Response:
HCA staff will work with Auditor-Controller and Treasurer staff to determine options for compiling cash receipt information by location. If it is found to be a cost effective process, a system will be established by July 1, 2005.

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