

***State of New York  
Office of the State Comptroller  
Division of Management Audit  
and State Financial Services***

**OFFICE OF MENTAL HEALTH  
BRONX PSYCHIATRIC CENTER  
CONTROLS OVER PATIENT CASH**

**REPORT 98-S-46**



***H. Carl McCall***  
*Comptroller*



# State of New York Office of the State Comptroller

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## Division of Management Audit and State Financial Services

### Report 98-S-46

Mr. James L. Stone  
Commissioner  
Office of Mental Health  
44 Holland Avenue  
Albany, NY 12229

Dear Mr. Stone:

The following is our audit report on internal controls over patient cash at the Bronx Psychiatric Center.

This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. Major contributors to this report are listed in Appendix A.

*Office of the State Comptroller  
Division of Management Audit  
and State Financial Services*

December 16, 1998

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# Executive Summary

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## Office of Mental Health Bronx Psychiatric Center Controls Over Patient Cash

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### Scope of Audit

The Office of Mental Health's (OMH) integrated system of mental health care includes 28 facilities, which provide inpatient, outpatient and community support services throughout the State. The Bronx Psychiatric Center (Center) is an OMH facility which serves about 460 inpatients and about 405 outpatients through a network of satellite clinics. The Center's Business Office maintains cash accounts for its own patients, as well as for 120 patients from two other OMH facilities. Patients can make deposits to and withdrawals from their accounts at the Center's Cashier's Office. The Cashier's Office deposits patient funds in a patient checking account, and posts transactions to individual patient accounts on the Patient Cash System (System), OMH's statewide patient cash accounting system. Patient funds are maintained in three accounts in a local bank. Of patient funds totaling \$447,954 as of March 31, 1998, the balances in these three accounts were as follows: \$110,436 in a checking account, \$87,518 in a money market account and \$250,000 in a certificate of deposit.

Our audit addressed the following questions regarding the Center's maintenance of patient cash for the period April 1, 1997 through September 22, 1998:

- Are receipts and disbursements of patient cash properly accounted for and promptly recorded?
- Are patient assets adequately safeguarded against theft or loss?

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### Audit Observations and Conclusions

We found a number of serious deficiencies in internal controls over cash at the Center's Cashier's Office. As a result, Center management has insufficient assurance that receipts and disbursements of patient cash are properly accounted for, and that patient assets are adequately safeguarded against theft or loss.

OMH's Administrative Support Procedure Manual (Manual) establishes basic control procedures for its facilities to follow in handling patient assets and the Office of the State Comptroller's (OSC) Controls and Special Procedures Manual also provides guidance for establishing controls over cash. These controls include: separating duties, recording receipts and deposits promptly, issuing pre-numbered receipts, maintaining perpetual inventory records of financial stationery, keeping cash in a

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secure location, regularly reconciling bank statements to accounting records and remitting cash balances for discharged or deceased patients to the appropriate parties. The objective of these guidelines is to ensure that funds are properly accounted for and safeguarded from loss or misuse. However, our audit found there is significant risk that patient cash could be misappropriated without detection because of the Center's inadequate controls over cash. For example, Cashier's Office employees perform all cash receipt and disbursement functions and also maintain patient accounts on the System. Further, transactions are not recorded timely, there is no inventory of financial stationery, only one of 17 monthly bank reconciliations had been completed, and numerous checks were outstanding for more than 180 days; some were as old as nine years. We also found that as of July 21, 1998 the Center held \$73,000 belonging to 251 discharged patients; seven deceased patients had account balances totaling \$3,181. We also observed that the safe was left open on a day when the Cashier's Office was closed for business, creating an opportunity for theft. In fact, an incident report filed on July 27, 1998 stated that \$9,471 in cash, metrocards and tokens had been stolen from the safe over the previous weekend, with no indications that the safe had been opened by force. We recommend that Center management act to protect patient assets by establishing proper controls over patient cash in compliance with OMH Manual requirements and OSC guidelines. (See pp. 5-12)

Since Center controls over patient cash were inadequate, we tested a random sample of 25 cash receipts from a population of 1,536 cash receipts issued between April 1, 1997 and June 30, 1998, and a judgmental sample of 25 cash disbursements from the accounts of patients included in our first sample. We found that there were delays in posting deposits in three cases, and that numerous cash disbursement authorization forms were not dated, were not signed, or were not appropriately approved. We recommend that the Center improve accountability over cash receipts, including posting patient deposits timely, and ensure that cash disbursement authorization forms are properly prepared and approved. (See pp. 12-14)

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## **Comments of OMH Officials**

OMH officials concur with the report's observations and recommendations.

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# Contents

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## Introduction

Background . . . . .	1
Audit Scope, Objectives and Methodology . . . . .	2
Internal Control and Compliance Summary . . . . .	3
Response of OMH Officials to Audit . . . . .	3

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## Controls Over Patients' Cash

Evaluation of Internal Controls . . . . .	5
Recommendations . . . . .	11
Test of Transactions . . . . .	12
Recommendations . . . . .	14

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## Appendix A

Major Contributors to This Report

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## Appendix B

Response of Office of Mental Health Officials

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# Introduction

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## Background

The Office of Mental Health (OMH) is responsible for planning and operating an integrated system of mental health care to assist adults who have serious and persistent mental illness and children who suffer from serious emotional disturbances. OMH operates 28 facilities providing inpatient, outpatient and community support programs throughout the State. The Bronx Psychiatric Center (Center), an OMH facility located in the Pelham Parkway area of the Bronx, provides mental health services to about 460 inpatients at its main campus, and to about 405 outpatients through a network of satellite clinics which offer day care and after care.

The Center's Business Office maintains accounts for patients at its own facility, as well as for approximately 80 patients from the Bronx Children's Center and about 40 patients from the Bronx Alcohol Treatment Center. Patients receive cash from the following sources: the Social Security Administration, the Veterans' Administration, the State (indigent patients receive a Personal Needs Allowance of \$35 a month), friends and families, and - for some patients - earnings from employment at the facility. The Center Cashier's Office deposits patient funds into the patient checking account, and posts transactions to individual patient accounts on the Patient Cash System (System). The checking account is one of three accounts in which the Center maintains patient funds at a local bank. Of patient funds totaling \$447,954 as of March 31, 1998, the balances in these three accounts were: \$110,436 (checking account), \$87,518 (money market account) and \$250,000 (certificate of deposit). The computerized System is a complete patient cash accounting system which enables OMH facilities statewide to record and maintain information about patients' financial assets.

When a patient brings cash to the Cashier's Office or receives a check in the mail for deposit into his or her account, the Cashier's Office issues the patient a pre-numbered receipt and credits the patient's account on the System for the deposit amount. The Cashier's Office maintains a petty cash fund of \$2,000 (which is part of the checking account) from which the patients can make withdrawals. To make a withdrawal at the Cashier's Office, a patient and a social worker must sign a form authorizing the withdrawal (Form 73A), and the Cashier's Office records the withdrawal on the System. Withdrawals in excess of \$20 must be made by check, and must be signed by at least two of five authorized signatories.

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Some patients on the wards are either unable or unwilling to come to the Cashier's Office to make withdrawals. For such patients, a social worker prepares a form authorizing a Group Disbursement (Form 174), signs it and brings it to the Cashier's Office. Once a Cashier's Office employee has verified System records to ensure all the listed patients have sufficient funds to make withdrawals, the employee writes a check for the total amount of the withdrawal, and cashes the check at the bank. The social worker collects the total amount of the withdrawal from the Cashier's Office and distributes the money to the patients, who sign for the money when they receive it.

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## **Audit Scope, Objectives and Methodology**

We audited the Center's controls over patient cash for the period April 1, 1997 through September 22, 1998. The objectives of our limited scope, financial-related audit were to determine whether receipts and disbursements of patient cash are properly accounted for and promptly recorded, and whether patient assets are adequately safeguarded against theft or loss. To accomplish these objectives, we evaluated the internal controls at the Cashier's Office, which handles all patient cash and maintains the patients' accounts. We also reviewed a random sample of 25 cash receipt forms selected from a population of 1,536 pre-numbered receipt forms issued from April 1, 1997 to June 30, 1998 to determine whether the cash was collected, deposited and recorded in accounts of the appropriate patients. We also reviewed a judgmentally selected sample of 25 cash disbursements from the accounts of the patients included in cash receipts sample to determine whether they were properly authorized and accurately recorded. In addition, we performed a surprise cash count at the Cashier's Office, observed Center practices for maintaining patient property, interviewed Center and Business Office staff and reviewed the Center's internal control procedures. Further, we reviewed applicable laws, rules, regulations, policies and procedures.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of OMH which are included within the audit scope. Further, these standards require that we understand OMH's internal control structure and compliance with those laws, rules and regulations that are relevant to the operations which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in

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the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach to select activities for audit. We focus our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use finite audit resources to identify where and how improvements can be made. We devote little audit effort reviewing operations that may be relatively efficient or effective. As a result, we prepare our audit reports on an “exception basis.” This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

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## **Internal Control and Compliance Summary**

Our evaluation of the internal control structure in the Cashier’s Office identified significant internal control weaknesses over patient cash. As a result of these deficiencies, there is insufficient assurance that patient cash is adequately safeguarded, and there is a high risk that money can be misappropriated without detection. These matters are presented throughout the report.

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## **Response of OMH Officials to Audit**

Draft copies of this report were provided to OMH officials for their review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Mental Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

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## **Controls Over Patients' Cash**

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An effective system of internal control provides reasonable assurance that all cash receipts are properly recorded, posted to appropriate accounts and promptly deposited, and that disbursements are duly authorized and accurately recorded. OMH's Administrative Support Procedure Manual (Manual) establishes basic control procedures for its facilities to follow in handling patient assets. The Office of the State Comptroller's (OSC) Controls and Special Procedures Manual also provides guidance for establishing controls over cash. The objective of the OSC guidelines and Manual procedures is to ensure that such funds are properly accounted for and safeguarded from loss or misuse. However, our review of cash controls at the Center's Cashier's Office, and our subsequent tests of cash receipt and disbursement transactions, found serious deficiencies in controls over patient cash. As a result of these deficiencies, there is significant risk that patient cash could be misappropriated without detection.

Center management attributes the inadequate controls over patient cash to a major downsizing of the Cashier's Office and a reduction of its staff. They recognize that this lack of internal controls results in a high risk that errors could be made or funds could be misappropriated. Therefore, management should establish internal controls over cash which include the control processes and procedures we recommend in this report. If staffing constraints make such implementation difficult, management should, at a minimum, use compensating controls (such as unannounced cash counts, frequent monitoring and periodic supervisory review of transactions) to ensure the integrity of patients' funds.

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### **Evaluation of Internal Controls**

Cash is an asset that can be easily misdirected or stolen. The cash in this case belongs to the Center's patients, many of whom are unable to manage their own finances. Therefore, it is crucial that internal controls are adequate to ensure that their funds are properly accounted for and adequately safeguarded against theft or loss. The OMH Manual, as well as OSC guidelines, establish basic controls related to handling patient cash, including the following:

- separate duties;
- record all cash receipts and disbursements promptly;

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- issue pre-numbered receipts for cash received;
  - keep perpetual inventory records of financial stationery;
  - keep cash on hand locked in a secure location;
  - regularly reconcile bank statements to accounting records;
  - remit cash balances for discharged or deceased patients to the appropriate parties; and
  - maintain accurate records of patient property.

Our review of the Center's controls over patient cash found numerous deficiencies in the above areas which Center management needs to address to ensure the integrity of patient funds. We list these internal control weaknesses below.

#### Separate duties

OMH procedures require that the employees who initially record and deposit funds should not have access to patient accounts records or perform disbursement functions. OMH procedures also require that two employees open incoming mail with cash remittances, and that mail receipts be recorded immediately. However, we found that:

- Each of the two employees in the Cashier's Office (and the Assistant Business Officer in their absence) perform all the cash receipt and disbursement functions, as well as post to and maintain the patient accounts records on the System. The same employees also maintain the accounting records, make bank deposits and prepare the checks.
- Checks made payable to the patient checking account to replenish the petty cash fund are endorsed and cashed by an employee in the Cashier's Office who is not an authorized signatory on this account. Also, the Center does not keep a list of authorized signatories on file.
- Mail receipts are opened by only one employee, and the receipts are not logged in. This same employee also makes the deposit for the mail receipts and updates the accounting records.

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- The Cashier's Office employees who maintain the petty cash fund also reconcile the fund. However, there is no independent review of the reconciliation. Our cash count found a small but recurring overage which had never been resolved.

Issue pre-numbered cash receipts as soon as cash is received

- Money social workers receive from ward patients for deposit in their accounts is not receipted or recorded until the funds are brought to the Cashier's Office.

Record all receipts and disbursements promptly

The OSC Manual states that it is imperative that initial accountability be established over cash receipts by recording them as soon they are received. However, we found that:

- Cash receipts and disbursements transactions are not recorded in the cash receipts and disbursements journal on a timely basis. As of September 22, 1998, transactions for the months of August and September had not yet been recorded.

Inventory of financial stationery

OMH procedures require that an employee independent of the cashiering and recordkeeping functions keep perpetual inventory records of financial stationery (such as receipt books and blank checks) and periodically verify unused stationery by taking a physical inventory. However, we found that:

- No one keeps perpetual inventory records, or takes any physical counts, of any financial stationery.

Security of cash resources on hand

According to the OSC Manual, agency and facility managers should protect cash (and cash equivalents, such as tokens) by various means, including use of an adequate safe. OSC guidelines further state that cash should be accessible only to properly authorized employees. It is also a prudent business practice to

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change the combination to the safe or vault where cash is kept every two years, and whenever employee turnover occurs. However, we observed that:

- The vault and the safe where the \$2,000 imprest fund is kept was left wide open on a day when the Cashier's Office was not open for business, creating an opportunity for theft. In fact, management informed us that a theft did occur in the Cashier's Office. An incident report filed on July 27, 1998 indicated that \$9,471 (\$3,018 in cash and \$6,453 in metrocards and tokens) had been stolen from the safe over the previous weekend, and that neither the door to the Cashier's Office nor the safe had been forced open. Management stated that an aggressive investigation was underway.
- The Cashier's Office does not maintain an updated file naming those employees who are authorized to make withdrawals for patient cash.
- Combinations to the safe and the vault in the Cashier's Office have not been changed on a periodic basis.

Regularly reconcile bank statements to accounting records

Bank reconciliations should be done monthly to verify the accuracy of the bank balances and accounting records. Management should review reconciliations for accuracy, examine any differences that cannot be resolved and authorize appropriate adjustments. Further, in accordance with standard business practice, checks outstanding for more than 180 days should be written off. However, we found that:

- The only month in our audit period for which a reconciliation for the checking account was completely prepared was March 1998; however, this reconciliation did not, in fact, reconcile the bank and book balances. For the other months, the only information available was computerized printouts with summary data. According to the Center's Assistant Business Officer, there has been an unresolved shortage of \$127 between the bank and book balance for the past five years.

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- As of March 31, 1998, there were 89 checks, totaling \$7,158, that were outstanding for more than 180 days; some were as old as nine years. All the checks were written to patients or on their behalf.

#### Remit cash balances to discharged patients

When a patient dies or is discharged from the facility, the OMH Manual requires that a social worker submit an authorized withdrawal form (Form 73A) to the Cashier's Office, and that the Cashier's Office close the patient's account on the System and remit any balance to the patient or relatives. Our audit found that:

- As of July 21, 1998, there were 251 discharged patients with account balances totaling \$73,000; one patient who was discharged in October 1994 has an account balance of \$7,882. Seven deceased patients have account balances totaling \$3,181; a patient who died on March 3, 1994 has an account balance of \$2,426. These funds are susceptible to theft.
- There was activity on only one of the above accounts: that of a patient who was discharged on May 4, 1998. According to Center personnel, this patient is unable to handle his own money and verbally agreed to have his account maintained by the Cashier's Office. Approval to maintain these types of accounts should be made in writing.

#### Maintain accurate records of patient property

According to the OMH Manual, a patient is supposed to turn over any cash or property for safe keeping on admittance to the Center, at which time Center employees should complete a property sheet (Form 67) signed by the patient. Two copies of the form should be filed alphabetically and numerically in the Business Office; one is kept in the patient's folder and the other is forwarded to the Center's Patient Resource Office. Patient property is secured in a

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vault in the Cashier's Office. However, our audit found that:

- Many patient property sheets were missing, not filed in sequence, not signed by the patients and not distributed to the appropriate parties.
- An inventory of patient property is not maintained nor is the property kept in an organized manner in the Cashier's Office vault. This makes it very difficult to keep track and account for all patient property.
- As of September 14, 1998, the property of 61 discharged patients remained at the facility. These patients include one who was discharged 25 years ago, and another who died over 16 years ago.

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## **Recommendations**

1. Protect patient assets at the Cashier's Office and Business Office by establishing adequate internal control procedures, including those that follow.
  - Segregate the functions for handling cash receipts and disbursements, recordkeeping, bank deposits, check writing and entering patient transactions on the System.
  - Ensure that two employees open the mail and immediately log in cash received.
  - Require that checks made payable to the patient checking account be endorsed only by authorized individuals.
  - Maintain a list of authorized signatories for the patient checking account.
  - Keep the money in the petty cash fund at its imprest amount of \$2,000, and have the fund reconciliation independently reviewed.
  - Issue pre-numbered receipts to ward patients when they remit cash for deposit to their accounts.
  - Promptly record cash receipt and disbursement transactions.
  - Change the combination to the safe and vault at least every two years.
  - Lock the safe and vault in the Cashier's Office, and restrict access to funds to authorized employees.
  - Update the file of individuals who can authorize withdrawals of patient cash.
  - Assign an employee independent of the cashiering function to maintain a perpetual inventory of the financial stationery.

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### **Recommendations (Continued)**

2. Ensure that all monthly bank reconciliations are done, and review them to ensure accuracy.
3. Determine the reason for the unresolved difference in the bank reconciliation and then initiate action to make the appropriate adjustments.
4. Write off all checks outstanding for more than 180 days. Credit the accounts of patients to whom such checks were written.
5. Promptly notify the Cashier's Office of any patient's discharge or death so patient cash and/or property can be remitted to the patient or other appropriate party.
6. To the extent feasible, remit patient cash and/or property to patients who have already been discharged or to the estates of patients who have died. In the event such patients or heirs cannot be located, property should be sold and the funds remitted to the State Comptroller within the required time frame.
7. Provide written approval to maintain accounts of patients who have already been discharged.
8. Implement adequate controls over patient property.

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### **Test of Transactions**

Our evaluation of the Center's controls over patient cash found that these controls have serious deficiencies and provide little assurance that patient cash is accounted for, properly recorded and adequately safeguarded against loss or misuse. Therefore, we tested the following transactions: a random sample of cash receipt and disbursement transactions, consisting of 25 cash receipts, randomly selected from a population of 1,536 cash receipts issued between April 1, 1997 and June 30, 1998; and a judgmental sample of 25 cash disbursements from the accounts of patients included in our cash receipt sample. The objective of this test was to determine whether cash receipts were properly recorded and timely

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deposited, and whether cash disbursements were properly authorized and accurately recorded.

Our test results for the 25 sampled cash receipts are as follows:

- There were delays between the time the cash was received and posted to patient accounts in three instances; in two cases, the delays were 6 days and 14 days, respectively. Postings were done after the monies were deposited in the bank.
- Individual cash receipts attached to the bank deposit slips were not totaled. Therefore, it was difficult to trace the receipts to the bank deposit slips.
- One of our sample receipts (for \$687) listed an invalid patient number as the patient identification number. While we eventually found that the correct patient had been credited with this deposit, listing an incorrect patient identification number on a cash receipt form could result in posting a deposit to the wrong patient.
- During the course of our test, we found that a cash receipt outside our sample had \$51.50 listed as the amount received. This amount was crossed out and replaced with \$4. We could not determine the correct amount of the patient's receipt. According to the Cashier's Office procedures, this receipt should have been voided.

Our test results for the 25 sampled cash disbursements are as follows:

- For 13 sample disbursements, social workers who picked up the cash for the ward distribution did not indicate dates on the Form 174 they signed.
- The Form 174 for seven sampled disbursements were not properly approved.
- For one of our sampled disbursements, the signature was different from the printed name of the person approving the Form 174.

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- For 13 disbursements, the Form 174 was signed, but we do not know if the persons who signed them were authorized to do so.
  - In one instance, a social worker who picked up the money also approved the Form 174 for someone else. This same worker also signed for a patient's withdrawal in addition to signing as a witness for all 15 patients on the Form 174.
  - For a withdrawal of \$780.48 for the cost of care for a Center outpatient, we were told that verbal approval was given by the unit supervisor. Proper controls require that all approvals should be in writing.

### **Recommendations**

9. Provide a better accountability of cash receipts by implementing the following:
  - Record patient cash and post to the accounts in a more timely manner.
  - Provide an audit trail of the cash receipts to the bank deposit slips by totaling the individual cash receipts.
  - Ensure that patients' identification numbers are entered accurately on the cash receipt forms.
  - Void cash receipts forms that have been prepared incorrectly.
10. Ensure that all the approvals on Form 174 contain the signature of the social worker, the date he or she picks up the cash, and the signature and the name and title of the employee approving the form.
11. Require written approval for all disbursements made to patients.

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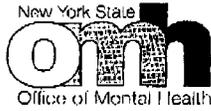
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# Major Contributors to This Report

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Kevin McClune  
Howard Feigenbaum  
Al Kee  
Roseline David  
Kezia Chacko  
Robert Tabi  
Nancy Varley



44 Holland Avenue  
Albany, New York 12229

James L. Stone, MSW, CSW, Commissioner

December 7, 1998

Mr. Kevin McClune  
Audit Director  
Management Audit  
Office of the State Comptroller  
A.E. Smith Office Building  
Albany, NY 12236

Dear Mr. McClune:

The Office of Mental Health has reviewed the draft audit report entitled, Bronx Psychiatric Center - Controls Over Patient Cash (98-S-46). Our comments to the findings and recommendations contained in the report are enclosed.

The Office of Mental Health appreciates the Office of the State Comptroller's continuing efforts to recommend improvements in our operations.

Many thanks for your continued help and cooperation.

Sincerely yours,

A handwritten signature in black ink that reads "James L. Stone".

James L. Stone  
Commissioner

Enclosure  
cc: Diana Jones Ritter

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER



OSM 12/11/98

**Appendix B**

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**OFFICE OF MENTAL HEALTH  
RESPONSE TO OFFICE OF STATE COMPTROLLER'S  
DRAFT AUDIT REPORT 98-S-46  
BRONX PSYCHIATRIC CENTER -- CONTROLS OVER PATIENT CASH**

**Overall Comments**

OMH concurs with the Office of the State Comptroller's (OSC) observations and recommendations. Bronx Psychiatric Center management recognizes the importance of protecting patient assets and has begun to take corrective action to implement many of the audit recommendations. Bronx management will utilize the OMH Administrative Support Procedure Manual (ASPM), the OMH Automated Patients' Cash System and OSC guidelines in determining the most effective and efficient means of implementing the recommendations.

**OMH Comments to OSC Recommendations**

**OSC Recommendation No. 1**

Protect patient assets at the Cashier's Office and Business Office by establishing adequate internal control procedures, including those that follow.

- a. Segregate the functions for handling cash receipts and disbursements, recordkeeping, bank deposits, check writing and entering patient transactions on the System.
- b. Ensure that two employees open the mail and immediately log in cash received.
- c. Require that checks made payable to the patient checking account be endorsed only by authorized employees.
- d. Maintain a list of authorized signatories for the patient checking account.
- e. Keep the money in the petty cash fund at its imprest amount of \$2,000, and have the fund reconciliation independently reviewed.
- f. Issue prenumbered receipts to ward patients when they remit cash for deposit to their accounts.
- g. Promptly record cash receipt and disbursement transactions.
- h. Change the combination to the safe and vault at least every two years.
- i. Lock the safe and vault in the Cashier's Office, and restrict access to funds to authorized employees.
- j. Update the file of individuals who can authorize withdrawals of patient cash.
- k. Assign an employee independent of the cashiering function to maintain a perpetual inventory of the financial stationery.

**OMH Response**

- a. With the additional staff just approved for the Business Office, Bronx will implement an appropriate level of internal controls and segregation of duties.
- b. Bronx will implement controls over mail receipts by incorporating the appropriate degree of control for the various categories of cash receipts in accordance with the ASPM.
- c. The Business Office will ensure that checks made payable to the patient checking account are only endorsed by authorized staff.
- d. Bronx will update and follow appropriate signature card processes.
- e. The petty cash fund will be restored to its appropriate level and will be reconciled by an employee independent of the Cashier's Office.
- f. Bronx is in the process of implementing procedures for issuing prenumbered receipts to patients who deposit cash to their accounts.
- g. Transaction records for cash receipts and disbursements will be posted no later than the next business day.
- h. Bronx will change the safe and vault combinations at least once a year.
- i. The safe and vault will be locked other than when in active use.
- j. The list of those individuals who are authorized to withdraw patients' cash will be updated quarterly.
- k. Bronx has received approval to hire a Principal Calculations Clerk. This employee, who will be independent of the cashiering function, will be responsible for establishing and maintaining controls over all financial stationery.

**OSC Recommendation No.2**

Ensure that all monthly bank reconciliations are done, and review them to ensure accuracy.

**OMH Response**

As previously commented, Bronx expects to hire a new Principal Calculations Clerk. This individual will perform the monthly bank reconciliations which will be verified for accuracy by the Assistant Business Officer.

**OSC Recommendation No. 3**

Determine the reason for the unresolved difference in the bank reconciliation and then initiate action to make the appropriate adjustments.

**OMH Response**

Bronx will determine the reason for the unresolved difference in the bank reconciliation and make appropriate adjustment(s).

**OSC Recommendation No. 4**

Write off all checks outstanding for more than 180 days. Credit the accounts of patients to whom such checks were written.

**OMH Response**

Bronx will write off all checks outstanding more than 180 days. Applicable patient accounts will be credited for the amounts of the checks written off.

**OSC Recommendation No. 5**

Promptly notify the Cashier's Office of any patient's discharge or death so patient cash and/or property can be remitted to the patient or other appropriate party.

**OMH Response**

Bronx will establish procedures to ensure that the Business Office is notified of all patient movements. Once the Business Office is notified, staff will remit the cash and/or property to the patient or other appropriate party.

**OSC Recommendation No. 6**

To the extent feasible, remit patient cash and/or property to patients who have already been discharged or to the estates of patients who have died. In the event such patients or heirs cannot be located, property should be sold and the funds remitted to the State Comptroller within the required time frame.

**OMH Response**

Bronx has begun the process to ensure that assets are appropriately distributed for those patients who were discharged or are deceased.

**OSC Recommendation No. 7**

Provide written approval to maintain accounts of patients who have already been discharged.

**OMH Response**

Bronx now has written approval for the one account they maintain for a discharged patient. Further, Bronx will require written approval for any accounts they maintain for such patients in the future.

**OSC Recommendation No. 8**

Implement adequate controls over patient property.

**OMH Response**

Bronx is reviewing procedures and controls over patient property and will ensure the reestablishment of adequate controls in accordance with the ASPM.

**OSC Recommendation No. 9**

Provide a better accountability of cash receipts by implementing the following:

- ▶ Record patient cash and post to the accounts in a more timely manner.
- ▶ Provide an audit trail of the cash receipts to the bank deposit slips by totaling the individual cash receipts.
- ▶ Ensure that patients' identification numbers are entered accurately on the cash receipt forms.
- ▶ Void cash receipt forms that have been prepared incorrectly.

**OMH Response**

- ▶ Patient cash receipts will be recorded and posted timely.
- ▶ The Business Office will verify the amount of each bank deposit entered into the automated patients' cash system by totaling individual cash receipts.
- ▶ Bronx will remind staff to recheck patient identification numbers when recording receipts to patient accounts.
- ▶ Cash receipt forms prepared in error will be voided.

**OSC Recommendation No. 10**

Ensure that all the approvals on Form 174 contain the signature of the social worker, the date he or she picks up the cash, and the signature and the name and title of the employee approving the

form.

**OSC Recommendation No. 11**

Require written approval for all disbursements made to patients.

**OMH Response to Recommendation Nos. 10 and 11**

Bronx is reviewing and revising the controls and procedures for the distribution of cash to patients by ward staff to ensure that they are in compliance with the ASPM and consistent with the OSC recommendation. Further, Business Office supervisory staff will periodically monitor this process to ensure that procedures are followed and controls are maintained .