



Date: 4/9/15

Scope: The County Auditor examined the Nursing Home Petty Cash and Resident Accounts for the period of 1/1/15-4/9/15.

Objectives: The objective of this audit was to review transactions processed through Petty Cash and Resident Accounts during our Scope. This audit addressed the following related questions:

- Were Petty Cash fund properly maintained and reconciled?
- Were Resident Accounts properly maintained and reconciled?

Report:

This internal audit was done due to the announcement of Cathie Chabrier's resignation.

Petty Cash:

Currently the Nursing Home has two distinct petty cash funds, the Nursing Home in general (\$600.00) and the Resident Accounts (\$1,200.00). On April 9th we reconciled and counted all petty cash funds.

The petty cash fund for the Nursing Home is divided up into four smaller amounts and located in four different locations within the nursing home:

Business Office =	\$470.00
Pub/Cafeteria =	\$ 60.00
Receptionist =	\$ 20.00
Physical Therapy Department=	<u>\$ 50.00</u>
Total =	\$600.00

The Business Office fund is used for making purchases under \$20.00 needed for the Nursing Home; the Pub/Cafeteria is used for making change when people make a purchase; the Receptionist fund is to make change for purchase of guest meals; and the Physical Therapy Department fund is used for making change when clients pay their copays for service.

The petty cash fund for the Resident Accounts is divided up between two locations within the nursing home:

Business Office =	\$1,100.00
Receptionist =	<u>\$ 100.00</u>
Total =	\$1,200.00

New York State Department of Health Law requires that resident funds are available to them 24 hours a day 7 days a week. There is designated locked drawer in the receptionist area that the night supervisor can access to provide residents with funds if requested, though most residents withdraw funds when the business office is open.

During our counts and reconciliations we did not note any discrepancies. We did note one item of concern in regards to security of the funds. When we were taken to the Rehab Department to count their petty cash fund, the office where the funds are kept was opened and unoccupied, the drawer where the petty cash box is kept was not locked, and a key ring containing the key for the cash box was in the drawer next to the box. Given all of these factors we determined that this fund was not being kept securely.

Resident Accounts:

All of the resident's funds are deposited and withdrawn from one universal bank account named Wayne County Nursing Home Resident Account. The Nursing Home staff keeps a subsidiary ledger of sub accounts that when combined reconciles to the balance of the bank account. This is an interest bearing checking account where the accrued monthly interest is allocated into the sub accounts on a pro rata basis as determined by their individual average daily balance.

We tested transactions for the months of January 2015 & March 2015 tracing transactions to supporting documents, bank statements, and the subsidiary ledger.

It was found that the Nursing Home does not print the Bank Statement off when reconciling this account, though they do print off the Statement Summary Report and Statement Detail Report. During our review we noticed that the beginning balances on the February and March Statement Summary Report's had been manually changed. We asked for PDF copies of the bank statements and found that beginning balances on the Statement Summary Reports were changed to the beginning balances on the actual bank statements. The actual bank statements and not summary reports should be used for reconciliations.

Recommendations:

- 1) Changes should be made to procedures to ensure that the Physical Therapy petty cash fund is secured with at least one key at all times. Locking the cash box and leaving a key to the box in the same drawer is not sufficient.
- 2) The actual bank statements for the Resident Account should be printed out and used to reconcile the account.

Management Response:



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April 21, 2015

Patrick Schmitt
County Auditor

Re: Special Internal Audit

In response to the audit for the Nursing Home Petty Cash and Resident Accounts for the period of 1/1/15- 4/9/15.

Rehab Department petty cash process change. The locked petty cash box will be locked in the drawer of the reception area. There will be 3 keys issued, the receptionist will keep one, a spare will be maintained in the Rehab Director's office and a third one will be maintained in the Business office. The drawer will be locked at all times, unlocked only when needed for change for patients, when making their copayment.

Resident Account reconciliation process will now include the process of printing the actual bank statements and these reports will be used in the reconciliation process, this has been addressed with the Business staff.

Alina J. Palis
Comptroller

We Are Working Together to Help You Feel at Home!

Patrick Schmitt
County Auditor
4/21/15