

August 30, 2019

**MEMORANDUM**

**TO:** Susan E. Ferguson  
Clinical Administrative Director, Breast Center

**FROM:** Sherri Magnus *Sherri Magnus*  
Vice President & Chief Audit Officer

**SUBJECT:** Cash Handling Review – Breast Center  
Audit Control Number 2019-119

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**Objective and Scope**

In accordance with our fiscal year 2019 work plan, Internal Audit evaluated controls over the collection, safeguarding, and depositing of patient payments received in the Breast Center. This included a review of Epic access and copayment collections. The review covered the period September 2017 through February 2019, and related periods.

**Results**

We identified opportunities for improvement in safeguarding and supporting documentation, as noted in the observations below. We did not identify any instances of missing funds.

Observation F-1:

**Ensure Funds Are Properly Safeguarded**

***RANKING: Medium***

At the time of our walkthrough, the clinic's funds were not properly safeguarded:

- Cash collected from patients was maintained in a paper envelope and was not otherwise concealed or secured under lock and key.
- Change funds were maintained in a locked bag, as required, but were located in an unlocked drawer, along with the bag key.

The Cash Handling Manual requires funds to be physically protected and secured. When funds are not properly secured, loss or theft could occur.

Recommendation F-1:

Clinic funds, including change funds, should be properly secured under lock and key, as required. The key to the change fund bag should be maintained separately from the bag.

Management's Action Plan:

Responsible Executive: Kent Postma

Owner: Susan Ferguson

Implementation Date: Implemented

As of 2/20/19 and 4/24/19, direct communication with the staff occurred to address the following:

1. Cash is now concealed and secured in a locked filing cabinet located at the reception desk.
2. Change fund is locked and concealed in a locked filing cabinet separate from the bag key. The bag key is located within a different drawer within the locked filing cabinet.

Observation F-2:

**Document Transfer of Accountability for Funds**

**RANKING: Low**

The transfer of accountability for funds was not documented. Specifically:

- The cashiers' cash drawer closing receipts were not signed or initialed by the supervisor. Cashiers submit these receipts to the supervisor daily, along with their cash and check collections. According to Treasury, supervisors should sign or initial these receipts to document verification and chain of custody for the funds collected.
- The daily transfer of change funds to the front desk staff was not documented. Per the Cash Handling manual, the transfer of cash items must be documented in a transfer log.

When the transfer of accountability for funds is not documented, there may be an increased risk of loss or theft.

Recommendation F-2:

The cashiers' cash drawer closing receipts should be signed or initialed by the supervisor as evidence of verification and chain of custody for the funds collected. In addition, the daily transfer of change funds to front desk staff should be documented in a transfer log.

Management's Action Plan:

Responsible Executive: Kent Postma

Owner: Susan Ferguson

Implementation Date: Implemented

As of 3/29/19, the Breast Center has implemented the following:

1. Initialing of each cashier's cash drawer receipts by the OSS and MBS.
2. A daily transfer of change funds log for staff to sign as the collections and receipts go to and from the individual who closes out the cash drawer.

Observation F-3:

**Retain Cashier's Office Receipts**

**RANKING: Low**

Cashier's Office receipts were not consistently retained. The Cash Handling Manual requires these receipts to be retained. Without receipts, it may be difficult to confirm that complete and timely deposits were made.

Recommendation F-3:

Cashier's Office receipts should be retained with the daily cash drawer closing documentation.

Management's Action Plan:

Responsible Executive: Kent Postma

Owner: Susan Ferguson

Implementation Date: Implemented

*As of 2/20/19 the Breast Center has retained the following:*

- 1. Cashier's office receipts are stapled to cash drawer reconciliation report daily. Documents filed in OSS office daily and will be kept for two years, along with other required documents.*

Our engagement was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and *Government Auditing Standards*. We appreciate the courtesy and cooperation extended to us by the Breast Center.

cc: Kent Postma  
Wendy Austin