

August 29, 2019

MEMORANDUM

TO: Clint Koerkenmeier
Clinical Administrative Director

Vandita Joshi
Manager, Business Services

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

SUBJECT: Cash Handling Review – Head and Neck Center
Audit Control Number 2019-119

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 Head and Neck 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 B-1:

Ensure Funds Are Properly Safeguarded

RANKING: Medium

Clinic funds were not properly safeguarded. Specifically, cashiers' bank bags were not equipped with a lock and were maintained in unlocked drawers. The Cash Handling Manual requires funds to be physically protected and secured. When funds are not properly secured, loss or theft could occur.

Recommendation B-1:

Clinic funds should be secured under lock and key as required.

Management's Action Plan:

Responsible Executive: Kent Postma

Owner: Vandita Joshi

Due Date: Implemented

According to the Cash Manual, "Amounts under \$5,000 should be maintained in a file safe or reinforced file cabinet that secures all drawers. Cash should not be retained overnight in desk drawers or standard file cabinets since they are easily accessed with minimal forcing or readily available keys. Cash banks from \$100 to \$300 are allowed to be stored in locked filing cabinets where the keys are controlled." Due to the renovations in the Head and Neck Clinic at this time, we do not have the ability to lock funds in a filing cabinet. Currently, front desk PSCs have the clinical funds secured in their locked pedestal in the top drawer. We have also communicated to the Front Desk PSC staff to keep their personal belongings (Handbag etc) in the third drawer of their pedestal so the funds are held separately. In addition, education has been provided to all front desk PSC staff to keep the pedestal locked at all times that clinic funds are being stored. This has been implemented and the clinic will conduct a weekly audit going forward to ensure that staff is in compliance.

Observation B-2:**Document Transfer of Accountability for Funds****RANKING: Low**

When funds collected by the cashiers are transferred to the clinic supervisor, the transfer is 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. When the transfer of accountability for funds is not documented, there may be an increased risk of loss or theft.

Recommendation B-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.

Management's Action Plan:

Responsible Executive: Kent Postma

Owner: Vandita Joshi

Due Date: Implemented

Management has educated and notified staff about the upcoming changes in chain of custody as well as the requirement to sign or initial closing reports. These changes are effective 5/9/2019 and all cashiers' cash drawer closing receipts are being signed by the cashiers' and the supervisor responsible for balancing out that day.

Observation B-3:

Retain Cash Drawer Closing Documentation

RANKING: Low

Cash drawer closing documentation is not maintained for three years, as required by the Cash Handling Manual. According to management, the documentation is shredded after 30 days. When documentation is not retained as required, it may be difficult to validate the amount of cash received or that deposits were made.

Recommendation B-3:

Cash drawer closing documentation should be retained for three years as required.

Management's Action Plan:

Responsible Executive: Kent Postma

Owner: Vandita Joshi

Due Date: Implemented

While the documentation was not being maintained, the clinic was able to provide a copy of everything requested through reports stored in Epic as well as the deposit slip books, which were being held in clinic. Since this is a Treasury requirement, and the clinic does not have the space to physically store three years' worth of paperwork, we will work on scanning all the paperwork at the end of the day and storing it on a shared drive with access to all supervisors responsible for balancing out. The timeline to implement this as follows:

- *June 15, 2019: Create folder on the Head and Neck Shared Drive and request access to it for all managers*
- *June 30, 2019: Educate all staff to scan the daily documentation and send it to the manager responsible for balancing out. Educate all managers on reviewing the documentation sent and saving it to the shared drive.*
- *July 15, 2019: Complete roll out of the recommendations above to ensure compliance going forward. Center's MBS will conduct a weekly audit to ensure that these guidelines are being followed.*

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 Head and Neck Center.

cc: Kent Postma
Judy Moore