UNIVERSITY OF SOUTH FLORIDA

Cash Collections Action Plan
February 10, 2006

1. Eliminate Cash Collection Sites (see Attachment A)—[FC]

2. Consolidate Cash Collection Sites (see Attachment A)—a minimum of 2 staff and supervisor required [FC]

3. Reduce risk at remaining Cash Collection Sites by mandating one of the following Options on Collections [CO]:
   a. Online; Credit Card
   b. Cashier’s Office
   c. Point of Sale System
   d. University Billing System
      i. Transaction Record Keeping [EBS]
      ii. Annual Budget for Transaction & Revenue [BO]

4. Required Certification of Cash Collections, to include [FC & CO]
   a. Internal Controls, Four Components on Segregation of Duties (see Attachment B)—[FC & UAC]
   b. Policies and Procedures [FC]
   c. Training [ODT]
   d. Annual Internal Control Self Assessment (see Attachment C)—[UAC]

5. Annual Audits [UAC]

6. Transaction Reconciliation
   a. Budget review—Quarterly and Annual [Respective Cash Collection Area & FC]
   b. Revenue to Activity [BO]

7. Code of Conduct [FC]

Legend:
[Responsible Party]
FC = Finance Council
CO = Controllers Office
EBS = Enterprise Business Systems
BO = Budget Office
UAC = University Audit & Compliance
ODT = Organizational Development & Training
UNIVERSITY OF SOUTH FLORIDA
System Finance Council

Summary on University Cash Collection Sites
February 10, 2006

Current Cash Collection Sites:

Sites to be closed 57
Sites to be consolidated or converted to “Credit Card Only” 94
Sites to remain and go through a certification process 40

Total 191

Locations for Remaining Cash Collection Sites:

Tampa 30
St. Petersburg 3
Sarasota/Manatee 2
Lakeland 2
USF Health 3

Total 40
Properly Segregating Duties: Revenue

Generally Accepted Accounting Principles (GAAP) require that an internal control structure be in place to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Management is responsible for the development and implementation of the internal control structure. A key element of the internal control structure is to ensure that incompatible functions are properly segregated so that one person is not in a position to both cause and conceal errors or irregularities. If one person is responsible for all or a major portion of the revenue function, there is no assurance that the transactions are valid, accurately reported, in compliance with rules and regulations, and in accordance with the University’s goals and objectives. As a result, the risk of errors and irregularities occurring are greatly enhanced. By dividing the major elements of any accounting function between personnel, the risk of inaccurate or inappropriate transactions is greatly reduced.

- **Record keeping**: the process of creating and maintaining departmental records. These may be manual records or records maintained in automated computer systems. For example: Preparing cash receipt back-ups or billings or entering charges or posting payments to an accounts receivable system.

- **Authorization**: the process of reviewing and approving transactions. For example, verifying cash collections and daily balancing reports or approving discounts, voids, or refunds.

- **Asset Custody**: having access to or control over any physical asset (cash, checks, money orders). For example, access to any funds (cash or checks) through the collection of funds, or processing of payments, access to safes, lock boxes, file cabinets or other places where money, checks or other assets are stored, or being the custodian of a petty cash or working fund.

- **Reconciliation**: verifying the processing or recording of transactions to ensure that all transactions are valid, properly authorized and properly recorded on a timely basis. This includes following up on any differences or discrepancies, comparing billing documents to billing summaries, comparing funds collected to account receivable postings, comparing collections to deposits, performing surprise counts of funds, or reconciling departmental records of revenue ledgers.

In an ideal system, these four major functions would be performed by four different employees. Smaller units may not be able to obtain this ideal system. In some instances, duties cannot be segregated to four parties requiring the establishment of mitigating controls. Mitigating controls are additional procedures designed to reduce the risk of errors or irregularities. For example, if the record keeper also performed the reconciliation procedures a detailed review of the reconciliations could be performed and documented by a supervisor to provide additional control over the assignment of incompatible functions.
Cash Collections: Self Assessment Questionnaire

The authority to collect funds (currency, coin, money orders, checks, and other monetary instruments) must be specifically granted by the Cashier’s Office.

A “No” answer indicates an area where improvements are needed.

Maintaining Accountability and Responsibilities for Funds

1. A primary custodian and back up has been identified and has ultimate responsibility for the collection and safeguarding of assets. These individuals understand their responsibilities and have received University Training. Background checks are required.
   - YES □  NO □

2. Access to cash, checks, and other funds is limited to the primary and secondary custodian, and safe combinations and keys are changed annually and each time a custodian changes.
   - YES □  NO □

3. The functions of billing and cash collections and billings and account write off are performed by two separate individuals.
   - YES □  NO □

4. Funds received are immediately recorded on a mail log, cash receipt slip, or into an appropriate accounts receivable system which records payee, date, amount, method of payment, and individual receiving the funds. Checks are endorsed “For Deposit Only”
   - YES □  NO □

5. Checks are written directly to the USF entity (i.e. USF, USF Foundation, etc), and are immediately endorsed “For Deposit Only”
   - YES □  NO □

6. Working funds are assigned to only one person and no more than one person utilizes the funds to collect cash at one time. Each cashier should have their own fund.
   - YES □  NO □

7. A transfer of funds from the individual collecting the funds, to someone responsible for preparing or depositing funds is always documented.
   - YES □  NO □

8. Funds greater than $500 (excluding working funds stored in a safe), are deposited daily. Funds are always deposited within 5 working days of receipt.
   - YES □  NO □
9. University funds are not commingled with personal funds (i.e., coffee funds, gifts funds, or agency funds). Personal funds are not used to make “change” for customers.

☐ YES ☐ NO

10. Change funds are used to make change only and remain intact (at their approved balance) at all times. Change funds are not used for purchases, cash personal checks, or loan money.

☐ YES ☐ NO

Monitoring and Oversight of Collections

11. Responsibility for monitoring of the Cash Collection activity has been assigned, including the performance of periodic surprise reviews, and the individual understands their responsibilities.

☐ YES ☐ NO

12. Management of the Unit understands the risks of decentralized collection of cash and the responsibility associated with any material loss of funds.

☐ YES ☐ NO

13. Cash Collections are balanced daily (unless there is no activity that day) and the reconciliation of cash collected to cash on hand is documented. In those instances where a mail log or cash receipts slips is used to record cash collections, these documents must be reconciled to cash on hand.

☐ YES ☐ NO

14. Overages or shortages, customer complaints, reconciliation differences, or other evidence of problems is followed up timely by an individual other than the custodian of the funds.

☐ YES ☐ NO

15. All adjustments (voids, refunds, discounts, and write-offs) are reviewed and approved by an employee other than the individual who processed the original transaction.

☐ YES ☐ NO

16. A reconciliation of accounts receivables (per invoice, registration list, accounts receivable system, etc) to funds collected is performed monthly. This review should be sufficient to ensure that all collections were properly applied to customer accounts.

☐ YES ☐ NO
17. Outstanding receivables are reviewed at least monthly by someone other than the individual maintaining receivable records.

☐ YES ☐ NO

18. Deposit slips are reconciled to the ledgers on a monthly basis to ensure that all funds deposited were properly recorded by someone other than the individual collecting the funds.

☐ YES ☐ NO