



**Audit Services**

April 3, 2013

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Department of Ophthalmology

**SUBJECT: Cash Collections & Processing  
Audit Services Project #13-019**

As a planned audit for Fiscal Year 2013, Audit Services performed a review of cashiering procedures and practices at selected outpatient clinics within the UCSF Medical Center. The policies governing copayment and cash collections include University Business and Finance Bulletin BUS- 49, *Policy for Cash and Cash Equivalents Received* (BUS-49), University Accounting Manual, and Campus Administrative Policy 300-14, *Cashiering*. Additionally, the Ambulatory Services Cash Management Guidelines for Ambulatory Clinical Practices has specific requirements regarding the collection of copayments for each and every eligible patient at the point of service. Copayments and deductibles that are not collected by clinics are billed by Medical Group Business Services (MGBS).

As part of the review, the Ophthalmology Department (Ophthalmology) was selected for review. Ophthalmology has nine sub-specialties across twelve clinical cost centers, as well as separate diagnostic testing clinics that are not provider driven. At the time of review, Ophthalmology had thirteen cash collectors and approximately 50,000 annual outpatient visits. During fiscal year 2012, the department collected \$468,644, in point of service cash collections.<sup>1</sup> The department also operates an Optical Shop, which sells lenses and frames and provides Optometry exams. In June 2012, the department began utilizing the APeX electronic health records and clinical system for cash collection and payment posting.

The objectives of our review were to:

- 1.) Assure that there is proper collection of cash;
- 2.) Determine if there are appropriate safeguards and accountability for amounts collected; and Ensure compliance with campus and University-wide cashiering policies.

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<sup>1</sup> Inclusive of all points of service collection areas, not all of which were included in this review.

To complete the review, the following procedures were performed:

- University and Ambulatory Services policies and procedures were reviewed to gain an understanding of policy requirements;
- The workflow processes for the collection of copayments, recording, reconciliation and depositing of cash in the APeX system was documented and an internal control and risk assessment performed to ensure that adequate controls existed;
- Selected tests were performed to validate the controls and ensure compliance with university policies in the following areas:
  - Training records were examined to ensure that all cash handlers and depositors had received the required training;
  - Human Resource records were reviewed to validate that background checks and fingerprinting had been performed;
  - Deposit records were examined to ensure deposit frequencies complied with policy threshold limits.
- The roles and responsibilities of clinic administrative and cash handling staff were reviewed to ensure that appropriate separation for cash collection, posting, reconciliation of cash and depositing existed;
- Unannounced cash counts were performed to ensure that there was appropriate accountability and handling of cash; and
- A review of PCI requirements was performed to determine compliance with applicable standards.

The scope of this review was limited to the specific procedures described above and related to the activities occurring during the period of July 1, 2012 to October 31, 2012. Fieldwork was completed in February 2013.

With the implementation of APeX, the hospital's ambulatory clinics were required to establish new procedures for receiving and recording cash collections. From work performed, Audit Services concluded that Ophthalmology clinics reviewed are making good progress in adapting to the new APeX system and are working to address any system issues that may be affecting their ability to effectively collect patient payments. Appropriate controls were found to be operating to assure proper collection and safeguarding of cash.

However, the department's clinics are having some logistical issues with cash collection when staff is providing coverage for absenteeism, which has resulted in diminished capacity for collecting cash at the point of service. Also, controls to ensure compliance with University policy and accountability of cash need to be strengthened. The department should monitor and increase their deposit frequency to be compliant with UC and UCSF cashing policies and minimize the risk of cash loss by keeping large quantities of cash on their premises. Lastly, individual accountability of cash collections cannot be maintained in the Optical Shop and needs to be addressed.



Specific observations and management corrective actions to address them are set out below:

**1. *Front desk staff providing coverage for absentee cash collectors are not collecting cash***

Per Ambulatory Services' Cash Management Guidelines for Ambulatory Clinical Practices, copayments are due and collected at the time of service.

The Ophthalmology department has multiple clinical service areas with each one having designated cash collectors, who have individually assigned cash boxes or receptacles for storing checks, currency, and electronic payment records. When clinic cashiers are absent because of illness or vacation, cash collection duties are performed by staff members from other clinics. When this occurs, the staff member providing the coverage is not able to collect cash as there are not separate cash receptacles for coverage staff to use. For security reasons as well as to keep each clinic fund separate and distinct they cannot transport their own cash box from one location to another. Because of this, point of service cash collections is impaired.

Ensuring the ability to collect cash at the point of service helps to better ensure payments are received for services, is more cost effective and reduces small balance write-offs.

**Management Corrective Action**

Clinic management is currently exploring the option of utilizing lockable cash bags for use by coverage cash collectors. This process will include installing drop safes and lockable compartments for the cash bags at the various clinic locations. Clinic management expects to have new procedures and equipment in place by June 1, 2013.

**2. *Deposit frequency for the Ophthalmology clinics is not in compliance with policy.***

BUS- 49 requires that collections must be deposited at least weekly, or whenever collections exceed \$500.<sup>2</sup> The current schedule for deposits is once per week for both the Optical Shop and Ophthalmology. Upon review, Audit Services found a number of instances of cash on hand exceeding the \$500 threshold.

Retaining large quantities of money on site for longer than necessary, increases the risk of theft or safety risk to deposit personnel in transporting additional cash when deposit is made.

**Management Corrective Action**

Effective immediately, Ophthalmology will increase the frequency of their deposits to be in compliance with policy requirements.

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<sup>2</sup> University of California Business and Finance Policy BUS-49 XB.1

**3. *There is no individual accountability of cash collected by the cash collectors in the Optical Shop.***

According to Ambulatory Services Cash Management Guidelines, each cash collector must have his/her own cash box. Cash boxes may not be shared and keys may not be duplicated or shared. Additionally, BUS-49 states that each individual who receives or has custody of University cash and cash equivalents must be held responsible for cash and cash equivalents under his or her control.<sup>3</sup>

The layout of the Optical Shop is not spacious enough to accommodate more than one lockable receptacle space for a cash box therefore both cash collectors share one cash box.

Without each cash collector utilizing their own cash box, there is no individual accountability of cash, creating internal control issues and non-compliance with policy.

**Management Corrective Action**

By June 30, 2013, Ophthalmology department will request an exception to policy from the Controller's Office, to enable them to continue to share a cash drawer at the Optical Shop.

**4. *Controls for depositing procedures could be strengthened.***

BUS-49 Section XA.1 requires that deposits must be validated and prepared under dual custody at all times in a safe and secure area.

Ophthalmology clinics reviewed by Audit Services were not preparing their deposits under dual custody. The clinics had one or more designated primary depositor(s) as well as back-up depositor(s). The majority, if not all of the other front desk staff have cash collecting and front desk responsibilities, therefore, clinics may not have the resources to provide dual custody at the time that deposits are completed. Additionally, there are also no compensating controls such as secondary reviews of deposits by department management.

Identification of and accountability for discrepancies in the deposits may not occur without dual custody or regular review of deposits.

**Management Corrective Action**

By June 30, 2013, clinic management will set up procedures to perform regular reviews of deposit activity and maintain documentation as evidence of review.

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<sup>3</sup> University of California Business and Finance Policy BUS-49 II.A.3

We thank the personnel in Ophthalmology for their assistance and cooperation shown to us during this review. Please do not hesitate to contact me at (415) 502-2238 if you have any questions or require further information.

Sincerely,



Rick Catalano  
Director

cc: Director Farmer  
Executive Director Morgan  
Chief Operating and Financial Officer Panion  
Audit Committee