

Cash Handling Process (Cash and Checks) - Gap Analysis FY 2015

~~Evidence of completed annual Gap Analysis should be kept on file until the following year~~

Sample/Mock Gap Analysis

| Receiving Funds | Is Control in Place? Y/N | Comments | Corrective Action Plan | Timing |
|--|-----------------------------|---|---|-----------|
| 1.1 | | | | |
| <u>Operating Controls</u> | | | | |
| Unit has documented procedures that clearly outline which positions are authorized to receive funds and issue refunds, and provide details of other unit cash receiving procedures. <i>NOTE: Written procedure templates can be found on the Internal Controls webpage at http://www.finance.umich.edu/controls/tools</i> | N | Unit does not have written procedures. | Will use the standard template provided by Internal Controls to document procedures. | 7/15/2015 |
| Position responsible for receiving funds is not responsible for depositing and does not have any responsibilities related to billing. | N | Currently the person responsible for billing is making the deposits. | Going forward, a person who does not receive funds and is not responsible for billing will make the deposits. | 6/1/2015 |
| All refunds, write-offs and adjustments are approved by a higher level of authority | Y | The unit's current process does not require review/approval by a higher level position. | Going forward, supervisor will review and approve all-write offs and adjustments prepared by staff. | 6/1/2015 |
| 1.2 | | | | |
| <u>Operating Controls</u> | | | | |
| All individuals receiving cash and/or checks have successfully completed the cash handling training course (MyLinc TME103). <i>NOTE: This course only needs to be completed once.</i> | Y | | | |
| <u>Oversight Controls</u> | | | | |
| The CMB Treasurer's Office Certification Courses Report in Business Objects is reviewed to ensure proper individuals have taken the cash handling training course. <i>NOTE: Report can be found in Business Objects at UM-Maintained -> Financials -> FN03 Journal Detail</i> | N | Unit is currently not monitoring the report. | Departments will begin to run and monitor the "CMB Treasurer's Office Certification Courses Report" to ensure proper individuals are trained. | 6/30/2015 |
| 1.3 | | | | |
| <u>Operating Controls</u> | | | | |

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| All checks that are received that do not belong to your department notify the correct department and ensure it gets to the proper destination in a timely and secure fashion. | Y | | | |
| For each transaction, all funds received / refunded are counted. If the expected amount is known, ensure the amount received or refunded equals the anticipated amount. | Y | | | |
| Only U.S funds are accepted - no foreign currency or checks drawn from foreign banks (exception: Canadian checks). | Y | | | |
| Checks are restrictively endorsed at the time of receipt (exception: Remote Deposit Capture locations) | Y | | | |
| Checks are reviewed to ensure they are: <ul style="list-style-type: none"> • payable to the University and not to individual faculty or staff members • not missing check date • not future dated • not dated older than six months • not missing check payer signature | Y | | | |
| 1.4 | | | | |
| <u>Operating Controls</u> | | | | |
| Receipts are encouraged for all transactions. A daily log detailing each transaction for funds received is maintained; or a pre-numbered receipt is issued for all funds received and copy of the receipt is retained for balancing purposes. In the case of development funds, the Development Office issues a receipt, but a log of funds received should still maintained by the unit. | Y | | | |
| When using a cash register or cash drawer, only one person has access to it during a shift / business cycle. Single accountability is ensured by reconciling/balancing the register/drawer between shifts and having an independent person confirm it by initialing and dating it. | Y | | | |
| <u>Monitoring Controls</u> | | | | |
| All receipts are traceable to the issuing individual (if applicable). | Y | | | |

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| 1.5 | | | | |
| <u>Operating Controls</u> | | | | |
| Cash and checks are stored in a secure place, such as a safe or a locked cash box secured in a locking drawer; Only department supervisors and authorized personnel have access to the safe or cash box. The safe is continually visible to department employees, and the combination is changed on a regular basis (at a minimum when employees transfer or are terminated); Keys to the safe or locked cash box / drawer are kept in a secure, secret place. | Y | | | |
| Unit does not make purchases, cash personal checks or issue "IOU's" from funds received. All funds are deposited and are not retained for making change. | Y | | | |
| Depositing | Is Control in Place? Y/N | Comments | Corrective Action Plan | Timing |
| 2.1 | | | | |
| <u>Operating Controls</u> | | | | |
| Unit maintains a listing of authorized users in MPathways and updates any staff changes such as a staff member who will begin depositing or allocating funds or who is no longer depositing funds. <i>NOTE: For step-by-step instructions see pgs 1-2 of https://maisinc.umich.edu/mais/pdf/GL_CR_Deposit_Merchant_SS.pdf</i> | Y | | | |
| Unit has documented procedures that clearly outline which positions are authorized to perform deposits, as well as documentation that outlines other procedures within the unit related to depositing funds. | Y | | | |
| Position responsible for depositing funds is not responsible for receiving funds or performing reconciliation. | Y | | | |

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| 2.2 | | | | |
| <u>Operating Controls</u> | | | | |
| All individuals preparing deposits or allocating funds have successfully completed the MyLinc depository certification training (TME101) provided by the Treasury department. <i>NOTE: Health System units not converted to the new depository process do not need to take depository training.</i> <i>NOTE: This course needs to be completed every two years.</i> | Y | | | |
| <u>Monitoring Controls</u> | | | | |
| Deposit history is monitored to ensure that all personnel performing deposits are authorized to do so for unit (see 2.1) and have successfully completed training requirements. <i>NOTE: The FN03 JrnlDetail Deposit Management Report in Business Objects lists all depositors and their certification status.</i> | Y | | | |
| 2.3 | | | | |
| <u>Operating Controls</u> | | | | |
| For each business cycle, all funds received / refunded are counted for all points of entry; Balances are recorded for further reconciliation with deposit amounts. | Y | | | |
| Balancing of funds received is not performed by the individuals receiving funds unless supervised by a higher level authority. | Y | | | |
| <u>Monitoring Controls</u> | Y | | | |
| Funds received are balanced to daily transaction log/pre-numbered receipts issued (as well as goods/services provided, A/R updates, cash register z-tape, etc. where possible); All pre-numbered receipts are accounted for; For discrepancies, each transaction is checked by date, payer/payee, payment/refund amount, and receipt number. | Y | | | |

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| 2.4 | | | | |
| <u>Operating Controls</u> | | | | |
| All funds collected are deposited on the day of receipt; where this is impractical and the total deposit is less than \$500, the deposit can be made the next business day. | Y | | | |
| All funds are being deposited into a Treasurer's Office authorized University account. | Y | | | |
| All funds are being deposited into the proper expense or revenue account. | Y | | | |
| A record of all deposits and deposit information is maintained for reconciliation purposes (all records are given to SOA Reconciler) . If another department is making deposits on your behalf, a record of all deposits given to that department is maintained for reconciliation purposes. <i>NOTE: Making copies of checks is strongly discouraged. If there is a valid business purpose, all numbers on the bottom of the check (micr line) must be covered (i.e. placing paper over the numbers) before copying.</i> | Y | | | |
| 2.5 | | | | |
| <u>Operating Controls</u> | | | | |
| The deposit is secured so that funds are not lost or commingled with other funds; While in transit to point of deposit, deposit contents and/or deposit bag is concealed from view by others. | Y | | | |
| 2.6 | | | | |
| <u>Operating Controls</u> | | | | |
| Deposits are made using only the following depository methods: 1) University depository bank branch via authorized dept. personnel ; 2) Treasury approved armored car service or Treasury approved courier; 3) Automated deposit station via authorized dept. personnel; 4) Remote Deposit Capture. For development funds, follow Development depository process; For Health System units not converted to the new depository process, deposits at the Hospital cashiers office are acceptable. | Y | | | |

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| All bank accounts used for depository purposes are established only by the Treasury's Office and in a manner consistent with SPG 519.01, and the University Treasurer must be an authorized signer on the account. | Y | | | |
| 2.7 | | | | |
| <u>Operating Controls</u> | | | | |
| <p>If deposit is picked up/made by armored car/ courier/security personnel a signed acknowledgment of receipt detailing the deposit bag serial number(s) and date is received from the armored car/ courier/security personnel.</p> <p>If authorized dept. personnel deposit to the depository bank a receipt detailing the amount, date and account of the deposit is received from the bank teller.</p> <p>If authorized dept. personnel deposit to an automated deposit station a receipt detailing the deposit bag serial number and date of the deposit is received from the deposit station.</p> <p>If deposit is made via Remote Deposit Capture a deposit detail report is generated.</p> <p>If another department is depositing on your behalf, acknowledgment detailing date, amount, and recipient is received from the depositing department where possible.</p> | Y | | | |
| Accounting & Reconciliation | Is Control in Place? Y/N | Comments | Corrective Action Plan | Timing |
| 3.1 | | | | |
| <u>Operating Controls</u> | | | | |
| The chartfield allocations are designated through the Cash Receipt Ticket process where required. | Y | | | |
| Deposit chartfield allocations are reviewed, approved and initialed/signed off by someone other than the person performing the deposit, who would be in a position of authority to confirm that the chartfield allocations are accurate and appropriate. Review and approval is ideally done prior to deposit and is not performed by a direct report of the person preparing the deposit. | Y | | | |

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| 3.2 | | | | |
| <u>Operating Controls</u> | | | | |
| Unit has documentation detailing reconciliation procedures and responsibilities. | Y | | | |
| <u>Monitoring Controls</u> | | | | |
| Reconciler ensures that deposit activity is accurately reflected on the SOA and consistent with the receipt log / receipts issued. Significant deposits or high volume activity is confirmed the next business day. Verify regular deposit activity weekly. | Y | | | |
| All discrepancies are investigated and resolved in a timely basis. <i>Note: FINPROD queries MGL04329_LOCATION_DEPOSIT_ACTV and M_GL_CRT_BY_DEPOSIT_TICKET can be used to investigate discrepancies. Instructions can be found on the Treasury Depository Services web page at https://finance.umich.edu/system/files/depFINPRODqueryinstructions.pdf</i> | Y | | | |
| If deposit is not allocated correctly, a journal entry is made to reallocate funds and appropriate steps are taken to ensure future allocations are correct. | Y | | | |
| <u>Oversight Controls</u> | | | | |
| The Cash Handling related Internal Control Management Oversight report in MReports and the Deposit Management report in Business Objects (FN03 Journal Detail) are reviewed for reasonableness and appropriateness as well as certified depositors in unit and unauthorized deposit activity and discrepancies. <i>NOTE: BO report can be found at UM-Maintained > Financials > FN03 Journal Detail; MReport can be found under the Internal Controls menu located within the Compliance tab</i> | Y | | | |